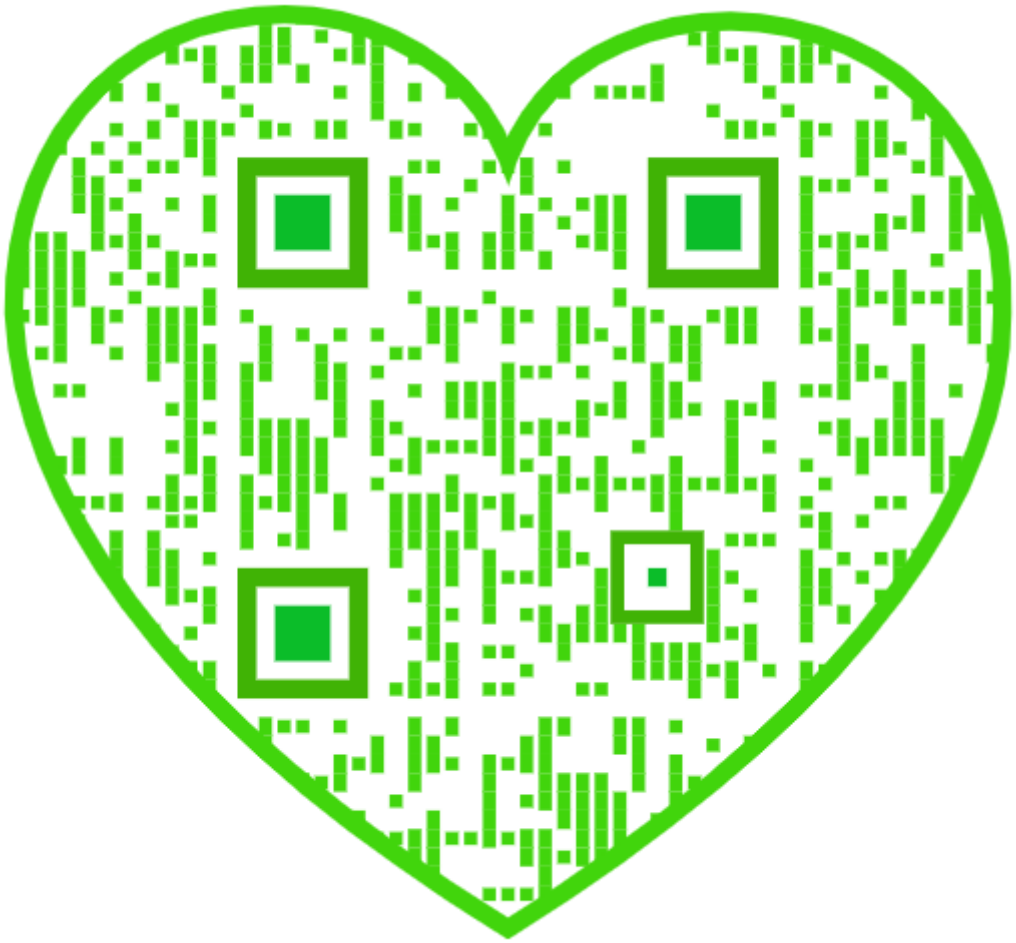

A

TREATISE

ON THE

INDUSTRY OF NATIONS;

OR,

THE PRINCIPLES OF

NATIONAL ECONOMY, AND TAXATION.

BY J. S. EISDELL, ESQ.

IN TWO VOLUMES.

VOL. I.

ON PRODUCTION.

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PREFACE.

The present work was began many years ago, not with the intention of treating on the whole of political economy, but of considering only one or two detached branches of that science. Since that period it has been repeatedly laid aside and resumed. As I proceeded, it was from time to time necessary, in order to the full establishment of the principles advanced, to support them by other principles, not generally recognised, nor ever before fully discussed. Thus other topics were introduced, themselves involving fresh arguments, which it seemed convenient to exhibit at large, until at length it appeared desirable, as likely to be more useful and acceptable, and more completely to support the peculiar points which alone it was the original object to establish, to give a view of the whole subject,—combining with the leading principles of Adam Smith, so much of the more recent doctrines as are conformable to truth, and the more valuable facts and reflections that are to be found scattered about in the many excellent works which we have already on the same topic. Thus humble in its origin, the work has gradually expanded to its present bulk.

Although many works on political economy of acknowledged merit are before the public, it cannot be denied, that in most of them are to be found inaccurate reasonings, and assumptions of principles which are incorrect, mixed up in a greater or less degree with such as are sound and valuable. The present improved state of our information on these points gives us the means of correcting the one, and enables us to appreciate the other. Within a few years, great progress has been made in several departments of the science, and just views on most of its important points begin to be generally disseminated and adopted. But there are other points which have hitherto remained obscure, and on which, though some of them bear on the vital interests

of society, directly opposite opinions are held, even by persons who have given attention to them, and to whose judgments we ought in general to defer. It was with a view to elucidate such points, that the present work was undertaken, particularly, the causes of a want of employment amongst workmen, those which determine the wages of labour and the profits of capital, the power of providing for an increasing population, and the principles of taxation, none of which had then been satisfactorily settled. On the profits of capital, however, I have been anticipated by Professor Longfield; to whom, as it appears to me, the merit is due of having first given to the public a just exposition of that previously ill-understood question. What is here given on the same subject had, however, been written many years before the publication of his lectures.

In their different places in this work, some views on each of these points are offered, which, as far as my reading enables me to judge, are not to be found among the labours of other authors. I have attempted to establish the positions, that the employment of the labourer does not depend, as is generally supposed, upon capital, nor his want of employment upon a want of capital, nor the increasing demand for labour upon an increasing amount of capital; but that such employment and demand proceed from the skill of the workman to perform those kinds of work which the demands of the consumers call for,—the proper distribution of the men into the various occupations in the ratio of those demands, and their contentedness to work for such moderate wages as allow the means of the employers or consumers purchasing the whole quantity to be disposed of.—That though wages in each separate class are determined almost wholly by the demand and supply, and the competition of labour in that class, the rewards of labour as a whole, and the condition of the working classes, are yet fixed chiefly by the productiveness of labour. Again, that the natural rate of the progress of the powers of industry to provide subsistence for increasing numbers is not only equal to, but exceeds, the natural and ordinary progress of population. If these positions should be admitted, coupling them with the new light which has been thrown upon the law of population by Mr. Weyland and the late Mr. Sadler, and the new theory of profits as propounded by Dr. Longfield, such opposite views upon fundamental points must render the previous works on economical questions inadequate to the present wants of the science, and must alone be sufficient to warrant a fresh exhibition of the whole subject, freed from those errors which are derived from the contrary suppositions, and which must extend their

influence in a greater or less degree through nearly the whole range of the inquiry.

How great an influence a single false position in the outset has on the whole bearing of a subject, is often exemplified in the works of those writers who have followed the doctrines of the late Professor Malthus on population. This author assumed, that the natural rate of the progress of population far outruns the possible means of supporting such increase. On this assumption almost the whole drift of his arguments turns, and on it all his conclusions rest, with regard to the necessity of restraining that increase, as the only effectual means by which the condition of the working classes may be ameliorated. A striking example of this is afforded in the, otherwise excellent, work of Dr. Chalmers on Political Economy. But when it is shown, as it has been by Mr. Sadler, that population moves with a constantly slackening pace as it becomes more dense, and as society becomes more opulent, so that it must eventually come to a stop of itself; and when again it is shown, as it will be, that the powers of industry are also progressive, advancing at a rate of constantly accelerated velocity, so that, in the natural progress of things, they proceed with a rapidity which not merely keeps pace with, but outruns, the ordinary march of population, and consequently that the tendency of population is not to exceed, but to lag behind the means of its subsistence; in such case, it must be obvious, that the whole subject, when viewed in this opposite light, must present a totally different aspect;—an aspect at once as interesting and consolatory, as it is useful in its practical bearing on the conduct of life, and the welfare of society.

In the questions discussed in this treatise, it has been endeavoured to separate them as much as possible from the abstract and perplexing ideas connected with the terms wealth, value, and price,—qualities which are as liable to mislead, as they are fluctuating in their nature; and to exhibit the subject rather as an inquiry into the means of facilitating national industry in the attainment of the ends for which labour is undertaken, without regard to the market value of the objects acquired, and without caring whether or not they come within any given and acknowledged definition of the term wealth.

In the discussion of economical subjects, writers have usually viewed the business of industry as carried on by masters employing workmen; they have considered the masters as the great agents by whom the machine of national industry is kept in motion, and have regarded the workmen as mere instruments in their hands. It is true, in the ordinary mode of conducting business, the master directs and sets in motion

the labour of the men; but this is not universally the case. Many of the different branches of industry may be and are carried on by independent workmen, exercising their callings on their own account; in which case they are at once masters and workmen. It has resulted from the view above stated, that sometimes too little attention has been paid to the interest and welfare of the workmen: indeed, in some instances, their interests have been entirely overlooked, and the subject treated as though they were mere instruments of labour or beasts of burthen. But this is an imperfect view of the matter. Without being chargeable with undervaluing the interests of the masters, we may assert that the operative is entitled to equal consideration; and should we overlook his interests, or show partiality to the master, we may be led into lamentable errors. As voluntary agents, the workmen bear an important part in the business of industry. Sometimes, by their demand of high wages, they check or even put a stop to business. At other times, by submitting to take such wages as the masters can afford to pay, they allow it to proceed with activity and steadiness. I have endeavoured to regard equally the interests of both parties; and where it was not necessary to draw the distinction, the subject is treated as though there were no distinct and separate interests; the joint interest only being regarded, as though the master performed labour for himself, or the labourer combined in his own person the double capacity of master and workman.

It is more particularly on the several points which have been now mentioned that different sentiments from those hitherto received are presented; and it is therefore to these important, and, as I conceive, ill-understood matters, that I am chiefly desirous of drawing the attention of those persons who are conversant with economical questions;—trusting that the perusal of what is offered upon them will be found not only to repay for the trouble of reading, but to excite fresh ideas, which may lead either to the full establishment and general recognition of the principles there laid down, or to elicit other and sounder views in their place.

The work is not offered in the expectation of its affording a complete and lasting view of *political*, or, as the Germans with perhaps greater propriety have it, *national* economy: in the present state of the science, no work can be expected to answer more than a temporary purpose. If it display an acquaintance with the just principles already known, free from those errors which are found in works of an earlier date, with some addition of new and correct views, and if thus it at once help to diffuse an acquaintance with the science, and to serve as a

stepping-stone from which a higher advancement may be aimed at, all that can be required in such a work will be fulfilled, and no apology should be demanded for presenting it to the public. To the inquirer beginning a subject, it is especially important that the work which he takes up should be as much as possible free from admixture of error. Unable at first to distinguish between truth and its converse, he adopts the bad equally with the good, and thus afterwards is exposed to a more difficult task,—that of unlearning the errors he had previously imbibed. If the present treatise shall be found to answer the double but temporary purpose now spoken of, my object will be accomplished.

In presenting a view of the whole subject of national economy, it was not on every branch of it that corrections of received opinions were required, or that I had new ideas to offer; and it was necessary, in the fulfilment of the design, to fill up the spaces, if they may be so called, not with original thought, but with a restatement of principles which have been often given before. This has been done by collecting from the various works which we have already on this subject the most valuable and interesting facts and reasoning which they contain, and in some instances in the very language of their writers. I would not willingly withhold due acknowledgments from any person to whom they ought to be made. But often, from having neglected at the time to note the sources whence assistance has been drawn, I have been unable to do justice to them. Amongst those works from which, besides the Wealth of Nations, large contributions have been made without reference may be enumerated, those of M. Say, Mr. Ricardo, the Earl of Lauderdale, Colonel Torrens, Dr. Hamilton, Mr. M'Culloch, and Mr. Sadler.

With regard to the manner, in other respects, in which the work is executed, I have need to ask indulgence. The difficulty of such an undertaking may be conceived from the distinguished talents that have been before applied to it, and which yet have left room for corrections and for further labours. Hence a partial failure in such an undertaking may not be discreditable. The objects were simply the discovery and exhibition of truth; not to gratify by a display of elegance of style and of arrangement; and for the reason that in this object I must have failed. If then the reader hope for the gratification arising from such display, he is forewarned that he will be disappointed. There are many imperfections of which I am deeply sensible, and doubtless there must be many more of which I am not aware; and, accordingly, I crave from the reader that indulgence to which a sincere inquirer after truth is entitled, and which

such a one never fails to receive at the hands of those who can appreciate her excellence, and admire her, though presented in a homely garb.

With regard to the subject itself, no apology can be wanted. Scarcely any inquiry is more curious and instructive than that which traces the laws according to which the movement of human industry proceeds, and develops the causes of the opulence or poverty of nations;—causes which in one country and age, occasion the great body of the people to live in affluence, in spite, perhaps, of natural obstacles and disadvantages of apparently insurmountable magnitude; and in another country or age, to suffer from poverty and destitution, notwithstanding the possession of great natural facilities for the acquisition of all the requisites to the enjoyment of life. An investigation which has for its object to discover the sources of wealth or poverty, possesses the strongest claims on our attention, since it must be essentially practical, and applicable as well to the common concerns of life as to the regulation of state affairs. "However far," as it has been truly said, "we may be from ascertaining the whole of these sources, the magnitude of the interests involved, and the importance of the results, must give value to every step of the inquiry, and to every single principle which may be clearly established; while the nature of the object is sufficient, if zealously pursued, to give interest to the discussion." When we look at the many false views which have been entertained on the subject, and the mischiefs which their application to practice has wrought in society, we may be able to conceive the inestimable benefits which would have resulted from just views, clearly conceived and steadily acted upon.

THE

INDUSTRY OF NATIONS.

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PRELIMINARY REMARKS.

SECTION I.

THE SUBJECT.

POLITICAL economy is the subject to which the attention of the reader is invited in the following pages. It is however presented under a somewhat different aspect to that in which it has been hitherto viewed, and cannot, in strictness, be exhibited by and comprised within the definitions usually given of that science. For this reason it has not been so entitled.

It is proper that, previous to entering on the subject, the reader should be presented with an outline of its character, the objects it has in view, and the limits by which it is circumscribed. Most writers on political economy have given a definition of their science. In laying down the principles of their subject, however, it has generally happened that successive writers on it have departed more or less from those who have preceded them. This departure shows either that the proper nature and objects of the science have been ill understood, or that their definitions have not commonly been given in such

precise and complete terms as to be generally satisfactory. Following precedent, therefore, a variation from previous definitions cannot be objected to on the present occasion.

In order to explain the reasons for a departure from previous authorities, for viewing the subject under another aspect, and for giving a different statement of it from that which is generally given, it may be useful to bring under notice some of the definitions of political economy which have been already laid down by the principal writers upon it, as describing the nature, objects, and limits, of their inquiries.

Dr. Adam Smith says, "Political economy proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or more properly, to enable them to provide a plentiful revenue or subsistence for themselves; and, secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the commonwealth." He entitles his great work, "An Inquiry into the Nature and Causes of the Wealth of Nations."

The Earl of Lauderdale describes his work, "An Inquiry into the Nature and Origin of Public Wealth," &c. M. Say describes his, "A Treatise on Political Economy; or the Production, Distribution, and Consumption of Wealth." Colonel Torrens entitles his, "An Essay on the Production of Wealth."

Let it be observed that, in these several instances, the term *wealth* is used to exhibit the subject with which political economy is conversant. Most other writers take the same view of the subject. It would however be fatiguing to enumerate their names, and it may be sufficient to observe that their investigations have uniformly been considered to be limited to objects of *wealth;* or to the laws according to which such objects are produced, augmented, distributed, and consumed.

In order to understand the propriety of this description of the subject of discussion by political economy, it is necessary to know what is to be understood by the term *wealth*

Wealth, then, considered as the object of economical science, is defined by one of its best writers to consist of "Those material articles which are useful or desirable to man, and which it requires some portion of voluntary exertion to procure or to

preserve. Thus, two things are essential to wealth; the possession of utility, and the requiring some portion of voluntary exertion or labour. That which has no utility, which serves neither to supply our wants nor to gratify our desires, is as the dust beneath our feet, or as the sand upon the shore, and obviously forms no portion of our wealth: while, on the other hand, things which possess the highest utility, and which are even necessary to our existence, come not under the denomination of wealth, unless, to the possession of utility be superadded the circumstance of having been procured by some voluntary exertion. Though the air which we breathe, and the sunbeams by which we are warmed, are in the highest degree useful and necessary, it would be a departure from the precision of language, to denominate them articles of wealth. But the bread which appeases the cravings of hunger, and the clothing which protects us from the rigour of the season, though not more indispensably requisite than the former, are with propriety classed under the term, wealth; because to the possession of utility, they add the circumstance of having been procured by labour." *

According to Mr. M'Culloch, political economy is "*The science of the laws which regulate the production, distribution, and consumption of those articles or products, which have exchangeable value, and are either necessary, useful, or agreeable to man.*" In another place he says, "Political economy has been frequently defined to be, 'the science which treats of the production, distribution, and consumption of wealth:' and if by wealth be meant those articles or products which possess exchangeable value, and are either necessary, useful, or agreeable, the definition is quite unexceptionable; but if we understand the term wealth in a more enlarged or contracted sense, it will be faulty."

Again, it is said by Mr. Malthus, that "susceptibility of accumulation is essential to our usual conceptions of wealth;" and that, "capability of definite valuation is necessary to enable us to estimate the amount of wealth obtained by any kind of labour."

* Colonel Torrens on Production.

From these extracts, and definitions of the term *wealth*, which, as thus defined, is understood to comprise *all* the objects of inquiry in political economy, it appears, according to this view of the science, that it has to do with nothing but *wealth*; that is, *material objects, susceptible of accumulation, possessing utility or desirableness, acquired by labour, possessing value, and capable of definite valuation.* The quality of possessing exchangeable value is, indeed, insisted on as essential to all the objects to which its inquiries relate. This quality is employed as that by which the estimate of the magnitude of the products of industry is formed; and hence it is affirmed that political economy is nothing but "*the science of values.*"

In presenting a concise view of the nature and character of the discussions of political economy, it appears to me that two things should be comprised in the expression; the one of which is, the *subject* of discussion; and the other, the *object* of the discussion. The first consists of the industrious faculties, the land, and stock, which are possessed by the individual members of a social community. These form the tools, if one may so speak, which are to be employed for the attainment of the end in view. The second thing to be expressed is this contemplated end or object.

Here one may pause and ask, if *wealth* can really be the subject, and the amassing of wealth the proper object, of economical science? Such is the nature of this question, that, whether it be replied to in the affirmative or negative, the answer cannot but extend its influence through every branch of the inquiry, and pervade the whole train of reasoning from its first premises to its last conclusion. It is intended in this place to show, that, notwithstanding universally received opinions, and the deference which ought to be paid to authorities of acknowledged merit, the question can only be answered in the negative; and that we must deny that *wealth* forms either the proper subject of discussion, or the whole object of this science. There is the less reason to allow our judgment on this point to be biassed by authority when we reflect, that the science is as yet but in its infancy, and its most able advocates but as students of a longer standing or maturer years.

We shall first observe on the *end* or *object* of political economy.

If it were allowed that wealth is the proper and only object of this science, and that its inquiries must be limited to the production and amassing of material articles of wealth, it would follow that the problem would be to raise and save the greatest quantity of material produce, without regard to the happiness or misery, the vicious or virtuous conduct, of the sentient beings by whom it is raised. By what means, or by whom, this produce should be raised would be immaterial. Whether by hard labour or easy labour; by labour of the nature of healthful exercise, or of toilsome and life-consuming efforts; by cattle, machinery, or men; slaves or freemen; would signify nothing, except as far as the wear and tear of the dead or living machinery might affect the future production. Man might be regarded altogether as a mechanical agent, like the plough, the loom, or the horses with which he works, and might be urged to labour by similar means. The object would be, so to arrange the machines, whether living, as cattle or men, and sustained by food and air, or inanimate, and propelled by wind, by water, or steam, as to cause them to produce in the greatest abundance all tangible objects of necessity, convenience, and luxury.* Such are the legitimate inferences which follow from inquiries of the nature now spoken of.

The objects to be attained by *social* industry, or the aggregate of the separate labours and studies of individuals, must be some one or more of those which are the objects of *personal* industry; and the investigations by which we seek to find how most advantageously to arrange and direct the whole industry of a nation, can only be for the purpose of acquiring the objects of personal industry.

What then are these objects which individuals seek by the exertion of their industry to acquire for themselves?

Every object for the attainment of which individual industry is called forth, or human exertion is made, is desired for the sake, either of the enjoyment it is expected to afford, or of the evil it is hoped to be able to avert. The supply of wants, and the gratification of wishes, are the objects of all individual

* Thompson on the Distribution of Wealth.

labour; and the objects of all study or contrivance are the same: these are either to procure good or to avoid evil, present or future, real or imaginary. Individual labours and studies are not directed solely to the acquisition of riches, or *material articles of wealth*, possessing the qualities which have been described. Useful and necessary as they are, they form but a part of the objects of our exertions. Riches, even in their most extensive sense, hold but a place amongst our other objects of pursuit. There are other and nobler motives than that of gain which excite the ambition, and spur on the industry of intelligent beings to the greatest exertions. Our wants and wishes are immeasurably various and extensive; they may be classed as corporeal and intellectual, as they are directed towards objects material and immaterial; or as individual and social: our desires extend through time and to eternity. Our pleasures are derived from the exercise of the animal powers, the indulgence of the animal senses, and the exercise of the mental faculties. In these are comprised the pleasures arising from the acquisition and possession of wealth, of knowledge, and of skill, from health, from the possession of friends, from power, from reputation, from piety and benevolence, from the gratification of hatred and revenge, from memory, contemplation, imagination, and expectation. In this enumeration of wants and pleasures, a wide field is presented. But our subject does not embrace all the circumstances or considerations attendant on the supply of our wants and wishes. There are objects of personal exertion with which it has nothing to do: it takes only a particular part of them. The question is, What is this part. To this we answer, It is not every kind of pleasure that is procurable by *industry;* and with such as are not so procurable, our subject is not concerned. We have nothing to do with the labours of recreation, the pursuits of ambition, the exertions of piety and benevolence, or social gratifications abstractedly considered. But though not concerned with these directly, we are so in an indirect manner; that is, as far as industry is exerted to acquire the pecuniary means to procure, and the leisure to enjoy, the pleasures, or the opportunity to avoid the opposite pains, arising from these several sources; and as far as the industry of

the whole community is susceptible of arrangement and direction, with a prospect of more or less success as regards the general happiness on the attainment or avoidance of the pleasures and pains accruing from these sources, they cannot but come within our province. How is it possible to regard only the pleasures arising from wealth, and exclude entirely the pleasures arising from all the rest? In considering the means of improving the outward circumstances of mankind, of affording greater pleasure with less exertion, whatever can afford enjoyment, "every human exertion to avoid pain and obtain pleasure," whether it add to our accumulative wealth or not, is, when successful, equally beneficial with wealth itself. To limit our inquiries to wealth, would be to take but half our subject into consideration, and to give riches a higher place in the scale of estimation than they deserve. Even riches are not desired for their own sake, and they may be purchased at too dear a price; they are only really valuable as far as they contribute to enjoyment, and as the pleasure they afford outweighs the pain of their acquisition. They would lose their character and value should they cease to afford enjoyment; for men would then no longer be willing to use any exertion, or make any sacrifice of labour, to obtain them; and it were absurd to confine our attention solely to amass riches, while overlooking those essential conditions under which alone their possession conduces to human happiness. Individual industry is exerted to acquire knowledge and skill, and the industry of a nation may be so directed as either to promote or to retard their acquisition; and, consequently, to increase or diminish the pleasures which such acquisition, and the advantage or profit which their possession, affords. We cannot, then, in a comprehensive view of national industry, omit the consideration of the means by which this pleasure and advantage may be augmented. The same may be said, in a degree, of the pleasures which industry does not directly procure, but which leisure alone can afford the opportunity of enjoying. Such are the pleasures arising from society and friends, from the pursuits of recreation and ambition, from imagination, and some other sources. Men labour hard, and study the way to get quickly over their work, in order

to enjoy these pleasures, or to occupy themselves in works of friendship, piety, and benevolence. As it is through leisure alone that these pleasures can be procured, they ought to come within the scope of political economy: not that their acquisition itself should form one of the objects of its consideration, but the acquisition of that leisure through which alone the opportunity of enjoying them is afforded. The object then, is not, "all that man desires as useful and delightful to him;"* nor again, all "the purchaseable means of human enjoyment;"† but all that is procurable by industry.

It is commonly thought that it is a point of the first importance to promote national industry. But, unless in a qualified measure, such cannot be the proper object of political economy: far from it, and for this reason, that labour is not the aim of individuals, and, consequently, ought not to be the object of the direction and regulation of social industry. Labour in itself is not to be accounted a good, but an evil: it is good only so far as the rewards it procures are desirable in a greater degree than the effort to obtain them is painful. Our object then is, not simply to increase the quantity and improve the quality of the marketable products of industry, or successfully to direct labour and heighten its efficacy; but we have another, and a scarcely less important, end in view,—to abridge the sacrifice of pain or toil which must be made for these purposes. We desire to promote, not national industry, but, in a measure, even national idleness; not to increase the burthen of the curse of perpetual labour on our race, but to lighten its pressure. While we wish to augment the material objects which afford us pleasure, and so to distribute them amongst the members of the society, as to afford the highest gratification they are capable of yielding, we wish likewise to increase the leisure we can devote to their enjoyment, and to promote, not only affluence, but ease.

From this statement of the proper *objects* of political economy, we proceed to observe on the *subject* of its investigations; through the suitable application of which, the objects, whatever they be, may be attained.

* Lord Lauderdale, p. 57, 2nd edit.

† Principles of Polit. Econ. by P. Scrope, Esq. p. 43.

If wealth alone, or the accumulation of wealth, is not the sole object of political economy, much less does it form the proper subject of its discussions. Whatever dispute may exist as to its being the *object*, none can as to its not forming the *subject*. No possible arrangement or application of articles of wealth could, by these means alone, create a single additional article. As an instrument in the creation of new wealth, wealth alone is wholly inoperative. It is indispensable that labour and land, with the creative agency of nature, be conjoined in co-operation with articles of wealth in the creation of further articles.

As an objection to the use of the term wealth to describe the subject of economical science, it may be remarked that it has many significations, and is therefore in itself indefinite. If we say that such and such measures are calculated to advance the wealth of a country, the term conveys the idea of *quantity*, and implies the abundance and excellence of the necessaries and superfluities of life. When we speak of a man of *wealth*, the idea of *quantity* is also conveyed. But when we say that such an article is an article of wealth, the accessory idea of abundance is not implied; and all that is meant is, that it is an article of that kind which, if it existed in abundance, in conjunction with an abundance of other things, would constitute a state of wealth. The same kind of article, however, if scantily supplied, in conjunction with a scanty supply of other things, would co-exist with a state of poverty, though itself an article of wealth. Again, when we say that agriculture is a source of wealth, abundance is not implied, and the term conveys the idea of the products of agriculture, whether they exist in large or small quantity, or be raised from one acre of land or from many. Wealth, and the sources of wealth, are, likewise, usually confounded. In common discourse it is said, that the wealth of a country consists in its land, its capital, and industry. But land, capital, and industry are rather *sources* of wealth than wealth itself; since they afford nothing for the supply of our wants unless they are employed. Industry, which is a sort of fictitious entity, is, clearly, not wealth, though a most important source of wealth. Thus the various significations and indeterminateness of the term wealth render its use objectionable, as being

liable to mislead. A term which has in common use a great many significations, is peculiarly liable in a process of reasoning to lead to erroneous conclusions, from the difficulty of always recollecting, and strictly adhering to, the precise and restricted sense in which it is used in the outset. This is a source of error to which even powerful minds are exposed, but still more minds of inferior power, or men who are little conversant with the subject, while the vulgar generally have adopted the term in its common and popular sense, without regard to the definitions and limitations of economists; and thus the term has proved a fruitful source of popular misconceptions and errors.

But a stronger objection to this term lies in its not including the chief *sources* of our supply. These are land, capital, and labour. Yet of these three instruments in the creation of wealth, capital is the only one which comes within the definition, according to which economical science has reference only to "*material articles acquired by labour.*" Land is "material," but was not "acquired by labour;" while industry is neither "material" nor "acquired by labour." "The workman comes out of the manufactory at night with the ten fingers which he took into it in the morning. He has left nothing material there. It is then an immaterial service which he has furnished towards the productive operation."* Consequently, industry, without the exertion of which no single want to which humanity is exposed can be supplied, must be excluded from the subjects of economical science; since it is immaterial in its nature; while land, without the co-operation of which the exertions of industry would be fruitless, must likewise be left out. But much more important objects of attention and solicitude, both in an individual and in a national point of view, are the *sources* of wealth, than wealth itself. Unless the sources of our subsistence are regarded, we might, while rolling in abundance to-day, be in danger of want to-morrow. Objects of wealth are perishable in their nature. However great may be the amount of these objects which the industry of a community may at any time have acquired, they must soon be consumed. When they

* M. Say's Letters, p. 17.

are procured, little further care or labour is necessary as regards them, beyond that of preserving them from injury until their consumption take place. But the *sources* whence a continued supply of our wants may be obtained from day to day, and during the remainder of life, are the objects of men's most careful thoughts and anxieties. Hence our inquiries must have reference, not only to wealth, but to the sources whence it is drawn. To render prolific the sources of wealth is the grand object. It is then the *sources*, more than wealth itself, which form the proper subject of economical science. Its inquiries relate not so much to the actual products which past industry has created, and which may remain in existence unconsumed at any one time, as to the means by which a renewed supply to fill their places may be procured, when they themselves shall be consumed.

Yet in opposition to these views, Mr. M'Culloch says, "The results of the industry of man form the only objects with which the economist is conversant." And again, "Political economy might be defined to be the *science of values;* for, nothing which is not possessed of exchangeable value, or which will not be received as an equivalent for something else which it has taken some labour to produce or obtain, can ever properly be brought within the scope of its inquiries."* But if we must exclude from our subject every thing which is incapable of exchange, and destitute of exchangeable value, we must then exclude the powers of labour—the indispensable accompaniment to the supply of every object of human wants. Industry, skill, and science, are not capable of being exchanged; and, consequently, possess no value in exchange. Slave labour may, indeed, be bought and sold; but where the personal freedom of the subject is respected, the faculty of exerting labour, the *source* of wealth, cannot come into the market; and it is only the *products* of industry, not industry itself, which admit of exchange, and may possess exchangeable value. How then is it possible to admit the very limited and imperfect view of the science, which would shut out of its inquiries the *sources* of wealth, and confine its view to the "results of the industry of man," to things

* Polit. Econ.

capable of being exchanged, and possessing value in exchange, without regarding the instruments by which those results are obtained?

Materiality is a property which economists insist on in every thing which can form the subject of their inquiries. Now the wants of mankind, which are both corporeal and intellectual, extend to *immaterial* objects, as well as to such as are *material*, and cannot be supplied by one kind alone. Among objects of an immaterial character, which form a part of the wants of mankind, may be enumerated the services performed by the statesman, the soldier, the lawyer, the judge, the physician, besides many others. The domestic services which are rendered to us contribute greatly to the comfort of life. In time of sickness especially, the attendance of nurses and servants is indispensable. Every useful talent and every useful service yields something to the wants or wishes of man, which it is the object of the exertion of industry to acquire. The talents of the author, the actor, the musician gratify the desires, and afford pleasure or instruction. Again, immaterial objects have a powerful effect on the supply of such as are material. Not only is the service which the workman contributes to productive operations immaterial, but so likewise is instruction of every kind, and all those studies by which skill and science are acquired and communicated, and which so eminently conduce to render human labours successful in the acquisition of material wealth. We ought not to confine our view to that instruction alone which immediately bears on the arts of life, we must comprise such as is of an indirect operation, but which nevertheless is scarcely less essential. Of this kind are the products of the labours of the metaphysician, the moralist, the divine. All human talents are immaterial, but the talents and labours of these men are not only immaterial themselves, the immediate products which they yield are likewise immaterial. Yet, in "disciplining our passions, and rendering us submissive to all the laws of God and man," do they conduce both to the public interests of the state, and the private interests of individuals. They contribute to our good, not only as respects a future state of existence, but, in the present, to maintain or bring about an

order of things conducive to an abundance, secure possession, and enjoyment of material wealth; and are, consequently, indirectly, agents in the production of material wealth. But human industry and talents cannot properly be comprised in the term wealth, though they yield wealth when employed, both to their possessors and to the community. Land and capital do no more; for they yield nothing unless they are employed. If the sense of the term wealth were extended to comprehend industry, talents, and such like immaterial objects or immaterial sources of wealth, it would be so wide an extension and departure from common language as to appear absurd.

If the *sources* of wealth cannot be overlooked in our inquiries, one of which sources is *immaterial* in its nature, it follows, that *susceptibility of accumulation*, which necessarily implies *materiality*, is not a necessary property either of the subjects or objects of political economy. The wants and wishes of mankind extend to things which cannot be preserved and accumulated, as well as to things which can; and the labours both of individuals and of communities are undertaken for the acquisition of such things. The gratifications afforded by the services of a domestic, by the exertion of the talents of the actor or musician, are transitory; the results of their labours cannot be accumulated or preserved, as objects of wealth, to yield a future gratification. But every end of labour is here accomplished; they yield the *present* gratification sought for, which previously acquired wealth may have given the means of procuring, and a repetition of which gratification at some future time must, in part, be the object of a present acquisition or accumulation of material wealth. The circumstance of the impossibility of objects being accumulated or preserved to yield a *future* supply, cannot be a reason why they should be overlooked, when the *present* supply is equally essential, or, perhaps, more conducive to the happiness of the individual.

If then sound conclusions are expected from economical investigations, they must have reference both to our present and to our future supply; their premises must comprise the indirect as well as the direct agents of production, and the immaterial as well as the material sources of wealth. Their object,

too, must comprehend the creation of the immaterial products which industry is exerted to acquire, as well as those which are material: without this, they cannot be applied to the regulation of human conduct. Unless these sources and these indirect agents are included, we might overlook the important effects which they have in procuring our subsistence; we might, in thus drawing conclusions from too narrow data, erroneously infer that immaterial objects have no effect in the production of material objects, and absurdly discourage an application to study and the pursuits of science, on the ground of their being useless in the creation of wealth, and as lessening the number of persons, or the time, that would otherwise be employed directly in the acquisition of *material* riches. And again, if national industry is to be applied solely to the production of material wealth, we might suffer many severe privations, we might essentially deteriorate our condition, and endanger both our existence here and our happiness hereafter, through want of the immaterial products of labour.

Another objection to the term wealth may be stated. In the definition of this term before given, it is essential to every article of wealth that it require some exertion or labour to procure; and hence it seems natural to estimate the article higher or lower, in proportion to the degree of exertion or labour required in its acquisition. If then it were admitted that the whole subject of our inquiries relates to such things, and if the difficulty of acquisition be the quality on which the estimate of wealth is to be formed, the toil which a want of skill, or which unfavourable circumstances, may impose on the inhabitants of a country, must be taken to account in the computation of their wealth, and *added*, as though it increased the sum. For instance, when, in a newly-peopled country, fertile land exists in such abundance that every person may take and cultivate as much as he pleases, it forms no portion of the wealth of the people; but when the country becomes fully peopled, and good land scarce, then, according to such reasoning, it forms an important source of national wealth; and the more so in proportion to its scarcity, and the sterility of other lands, since labour or value is the standard at which it is to be rated. But men of common under-

standing conceive that an abundance, rather than a scarcity, of fertile land constitutes national wealth; and that ease and affluence are better than toil and privation. In thus computing the wealth, or the sources of wealth, of a country, from the degree of its labour and destitution, political reasonings surpass our comprehension, "results are elicited the most unexpected, and certainly the most opposite to all experience." What would have been the estimate which economists would have formed of the wealth of the people of Israel, while fed by manna in the wilderness? They must have been accounted miserably poor, since their whole subsistence required no labour in the acquisition, beyond that of picking it up from the ground. It could therefore scarcely have entered into the computation of their wealth; and if it had, its value must have been rated so low as to be next to nothing. In this use of the term wealth in a sense so opposite to what it naturally conveys, and in this mode of estimating its amount, the contradiction which is implied is manifest, and it would be absurd to expect any thing to result but the strangest misconceptions, and the most palpable errors.

Again, according to the writers on political economy, its investigations extend only to objects possessing exchangeable value. Now, though the objects which supply our wants and wishes, and which for the most part are articles of wealth, are usually possessed of exchangeable value, yet this quality is not essential to them, much less a quality which is by any means permanent. It is, indeed, of the most fluctuating nature in its degree, and is sometimes altogether lost. Articles even of the first necessity, and which require labour to procure, are not, under all circumstances, possessed of value. Food is sometimes destitute of value, as we frequently see in an overstocked market in fish, fruits, and other articles of a highly perishable nature. If in any community every one should be supplied with as much food as he could consume while it continued fresh, and more food should be offered, of no better quality than the rest, it would evidently possess no exchangeable value, because every person being fully supplied, no one would part with any thing of value in exchange for more. Thus articles which may be highly useful in their properties, and

which have been procured at the expense of labour, may, under such circumstances, possess no exchangeable value. Value in exchange is dependent on the distribution of objects, and the relation of their supply to the demand. The supply must bear a certain relation to the demand; there must be both the power and the inclination to purchase, as well as the wish to sell, in order to confer exchangeable value.

It is obvious, that conclusions deduced from a process of reasoning cannot extend further than their premises; and, consequently, that the reasonings of political economists, proceeding as they do on nothing but objects of wealth, can have reference in their conclusions only to the means of promoting material wealth: beyond this, they must be wholly inconclusive and inapplicable. To suppose that any measures they point out as promoting national wealth are unquestionably good in themselves, and proper for adoption, would be going further than the premises warrant; for this wealth might, possibly, be produced at the expense of the health, the indispensable comforts, or the morals of the people. And, hence, in all their conclusions, a still further inquiry remains to be prosecuted, to ascertain whether, on the whole, and taking every circumstance into consideration, the rules they advocate are really beneficial. It is evident, that riches acquired by the sacrifice of the health, the comforts, or the morals of a people, are to be deprecated rather than encouraged; and we cannot but concur in the justice of the remark which has been made, that "as the miser accumulates wealth which he has not the heart to spend, so the political economist inquires into the means of increasing general wealth without paying sufficient regard to its only real use, the increase of general happiness."

Thus, if it were admitted that the term wealth comprises the whole subject and object of economical investigation, it is plain we should be in danger of being led into error. In fact, the adoption of this term has been the real occasion that these investigations have sometimes afforded conclusions not only unsatisfactory in themselves, but opposed to every-day experience; as well as being the occasion of numerous misconceptions, which, in all probability, would have been avoided, had

their premises been made more extensive, and their proper subject and object more distinctly perceived and recognised.

For example, had the objects of the direction of social industry been considered the same as those of the direction of individual industry, and the inquiries of economists, the same as the labours of the people, been devoted to the acquisition of the necessaries and conveniences of life, the satisfaction of human wants, and the gratification of human wishes, it would never have been supposed that wealth, money, or riches are the only things requisite. Again, had such been the case, it would never have been supposed that the objects of social industry must be limited to such things as possess value in exchange—an accidental circumstance, sometimes found with, and sometimes without, things essential to our subsistence, our comfort, and welfare. But, commencing with the proposition that wealth is the only thing needful, this error in theory has led to lamentable consequences in practice. Wealth is estimated and compared by its value in money; and hence probably arose the error of conceiving that wealth consisted in money. This error has been so long and so fully exposed, as hardly to call for the observation, that it was confounding the measure with the things measured. Money undoubtedly performs a highly useful part in the business of life; it forms an important item of individual and national wealth; but the quantity of it which exists, and which is sufficient for every useful purpose, is very small in comparison with all the other items of our property together. Money will serve neither for food, for clothing, for fuel, nor for lodging; it is itself neither a necessary nor a convenience of life, neither an article of use nor of ornament, and a forcible increase of it could add nothing to the comforts of the people. To the use of the term wealth, however, coupled with the error of substituting money for it, are to be attributed the false principles of the mercantile system, so baneful as they have proved in their consequences in practice. To the same use of the term, and estimating and confounding it with value, is attributable much of the abstruseness, ambiguity, and misconception to be found in the writings of more recent authors. Like other false positions, it has had the effect of mystifying the science, and, as

the inevitable result of mystification, of leading to vicious conclusions.

Again: the writers on political economy have distinguished labour as of two kinds—that which is productive, and that which is unproductive of wealth. This distinction owes its origin to the idea that the production and accumulation of wealth are the true objects of economic policy. From this idea it naturally followed, that those labours which added nothing to material wealth were accounted of inferior value, or even as mischievous applications of industry, by drawing off from the more beneficial employments those exertions which otherwise might have been occupied directly in adding to the public wealth. It has been well observed, that this distinction "bears a hard and hostile aspect" to those labours which more than any other conduce to the advancement of all the highest and best interests of man, both as regards his present and his future state of existence. The uselessness and inconvenience of the employment of the terms productive and unproductive labour, and the misapprehensions to which they are apt to lead, are now generally admitted. But, if it were otherwise, it would be unnecessary on the present occcasion either to make this distinction in our inquiries, or to state at large the reasons for its disuse; and simply because it is not wealth that forms our subject, nor amassing of riches our whole object. In our view, every kind of industry which contributes directly or indirectly to the supply of our wants or the gratification of our wishes, is deserving of examination, whether or not it contributes to the production of objects which may be characterized as objects of wealth: if it contributes simply to our pleasure, and nothing further, this is sufficient to bring it within the scope of our inquiries.

As, therefore, it is not wealth alone that constitutes the subject and object of economical policy, since this term does not embrace all the objects of inquiry proper to the subject, we come to the question, what are the proper subjects and objects of this science?

We answer, our subjects are the labour, land, and stock possessed by the individual members of a community. These are

employed by their possessors for the attainment of certain ends for themselves; and the purpose of economical inquiry is to exhibit the causes of the degree of success or failure which under different circumstances attends such employment; and to show how such a disposition, arrangement, combination, regulation, and direction of them may be made, as shall most successfully insure to the community at large from that employment such good things as individuals seek by industry to acquire for themselves. That which men pursue as the object of their personal industry, is likewise the object of our studies: the one may be considered as the hand, the other the head; both directed to the same end. The design of the direction of national industry is to facilitate labour and augment its powers, that thus, not only wealth may be created, but the labour and toil of its acquisition may be lessened, and that measure of ease and leisure afforded which is indispensable to the enjoyment of acquired wealth; for following those pursuits which interest or amuse, and for presenting the pecuniary means and opportunity of drawing pleasures from every innocent source of human gratification. The subject of our investigations is, however, not so much the labour and property of single individuals or classes, as those of a whole community; and the aim of the regulation of social industry is the attainment of objects, not for the benefit of particular individuals or classes at the cost of other individuals or classes, but for their good without such cost, or what may be termed for the common good. Thus, our subject is, the phenomena which human industry in a state of society presents, the order in which facts occur, the chain which connects them; in short, the natural laws which govern the exercise of social industry. Every kind of industry is susceptible of legislative regulation or of individual guidance, from motives of private or of public interest; and therefore, in the management of every kind of industry, a knowledge of these laws is useful. Such are the views which we take of political economy.

Whence the criticism that has been now offered on the term *wealth*, is not of a mere verbal and barren kind, without results. It is one from which the whole aspect of the inquiry becomes changed, and for want of which, misapprehensions, ob-

scurities, and errors have arisen, that have hitherto proved most mischievous impediments to the proper consideration of our subject.

If it be said that the field of investigation now presented is too wide for one department of science, which ought to be confined within more precise limits, let it be shown what part of it can safely be omitted. Be it recollected, however, that, if we err in this respect, it is a fault on the safe side. If a subject be too extensive, it may be the more difficult to handle, but it is not from its extent the more likely to lead us wrong. On the other hand, reasonings too circumscribed, or proceeding on too narrow data, cannot miss of being either imperfect or altogether fallacious guides.

Since the object of labour, of study, or contrivance, is to procure those things only which are held in some degree of estimation, and of these, such only as do not, without our labour or care, exist in sufficient abundance, or of sufficient excellence of quality, to satisfy our wants or wishes; so, in like manner, the investigations of the economist are subject to the same limitations. That which has no utility or desirableness, is below our notice. Those things, likewise, which, though they minister to human wants or desires, yet exist in sufficient abundance for the satisfaction of all, without our care or intervention; as the air, water, and the light and heat of the sun, it would evidently be needless to bring within the scope of our inquiries.

If this statement of the subject on which we are about to enter be sufficient to explain its nature, a formal definition is uncalled for. The terms which are used, are for the most part employed in their common and popular sense, so that there is no need to explain the meaning attached to them, or to restrict it in any way; neither is there a danger of misapprehension or misrepresentation from a confined or unusual signification being assigned to the words employed.

In characterizing our subject as the Industry of Nations, and avowing that our inquiries relate to those circumstances which affect the subsistence of the people, the supply of those wants, and the gratification of those wishes, which may be satisfied through the instrumentality of industry, we avoid the necessity

of entering into a laboured refutation of the great error into which the French economists have fallen, in concluding that agriculture is the only source of national wealth, and that manufacturing industry is unproductive of wealth, because the manufacturer does no more than add to the material the value of the subsistence he consumes while at work. If even these positions were true, and if wealth and value were not increased by manufacturing industry, this circumstance would by no means affect our reasoning; since it is neither wealth nor value that forms the subject of our discussion. It is plain, that our wants extend to clothing, to lodging, to fuel, and other things, as well as to food, and that the object of our labours is the gratification of mental as well as of corporeal desires. Not less essential to the supply of these wants and desires are appropriative, manufacturing, and commercial industry, than agricultural; nor, exertions which communicate pleasure or instruction to the mind, than those which procure food or clothing for the body. In our inquiries, accordingly, such labours hold in importance an equal rank with those of agriculture. Our end being the same as that of labour—subsistence for the present, and laying up in store provision for the future; whether this be acquired by devoting labour to agriculture or to manufactures is to us altogether immaterial; except, indeed, that there is usually a better chance of making a fortune in the latter than in the former. It is not to be wondered at that the conclusions of the French economists should be different from ours, since the subject and object of inquiry in the two cases are different. The *intended* object of their inquiries may indeed be the same as our own; but, notwithstanding this, since they reason from different data, the legitimate conclusions at which they arrive cannot but be different. It cannot, however, require to be proved, that appropriative and manufacturing industry, which collect and adapt raw materials to our use, are productive of wealth; and that though in their production wealth is consumed, yet it is less in quantity than the wealth produced; every end of labour, whether individual or national, being answered in this way, the same as in agricultural industry. But when we find that strict reasonings lead to conclusions opposed to fact, what else can it show than

that there is something wrong in the outset? And what other lesson can it teach than to avoid the source from which such errors flow?

Since the *public* welfare is the object of the economist, and not the *private* interest of any particular individual or class, the question arises, in what manner is the public welfare to be operated upon? In reply it may be observed, that the public welfare, as it is made up of that of individuals, can only be increased or diminished through the augmentation or diminution of the welfare of individuals. In endeavouring then to discover the sources of national wealth and universal prosperity, and the means by which the general interest may be best advanced, we can only hope to succeed by seeking after the means by which the interests of individuals may be best promoted. But as this cannot be effected by those means through which the interest of one individual or class may be advanced, at the expense in an equal measure of the interest of some other individual or class; because to enrich one class by the impoverishment to the same extent of some other class, cannot advance the welfare of the whole, it must be by the use of such means as do not interfere with the interests of others. The welfare of every class is of equal value in the estimation of the economist; no other distinction existing than that of the magnitude of the class. But whatever enriches an individual without trenching on the interests of other individuals, or by intrenching on them only in a less degree on one hand than the amount of benefit accruing on the other, increases the sum of public wealth. On the other hand, by whatever means a person suffers, without a corresponding gain to some one or more other persons, the public loses. Thus economical science has regard, not to what may be imagined an abstract public opulence, irrespective of individuals, but to the means of advancing the private interests of individuals: limited always to such as consist with the good of others; because it is only by such that the public interest can be promoted; and limited always, again, by those rules of justice between man and man, the obligation of which is equally binding in public as in private matters.

Accordingly, political economy concerns not only statesmen,

but individuals, and applies in a measure to the direction of private as well as of public affairs.

Individual riches are to be acquired by two different methods; the one of which is wholly within the direction and control of individuals, and the other within those of the community alone. Of the first kind are, the application of intelligence, prudence, and diligence to business, the economic arrangement of the farm or factory, and the like; circumstances upon which municipal regulation has little or no effect. Of the other kind are, the effecting such an arrangement and application of the whole industry of the community as shall most conduce to the general interest, and affording to the public those services and facilities which can never be so well performed as through legislative enactments, and by the executive power.

We cannot subscribe to the doctrine that "The *greatest happiness* of the community, is the true and only end of all institutions." So neither can we admit, that it is the province of government to *advance the wealth* of the community over which it presides. The duties of the statesman are confined within other and narrower limits. The legitimate province of the government extends not beyond the protection of the public and private rights of individuals and of the community, and the performance of certain duties which afford facilities to the exertions of industry; leaving to the people to avail themselves of the favourable circumstances in which they are placed for the attainment of wealth and happiness. These must depend upon themselves; the course for their attainment being unobstructed. Without *their* exertions, the wisest laws, and the best administration of them, would be ineffectual. If it were otherwise, the poverty and misery of the people might be charged to the errors, the vices, or neglect of government, when perhaps they should really be laid to the account of their own indolence, ignorance, improvidence, or profligacy.

But though it is not the province of government *directly* to advance the wealth of the community, yet a knowledge of the circumstances under which the industry of the people may be most successfully exerted in acquiring wealth, is essential to the statesman; in order that, in the performance of the duties of

his office, he may contribute to bring about that state of things which is most favourable to industry, and abstain from such measures as operate injuriously upon it.

Political economy as a department of the great region of science is intimately connected with many others, although it is sufficiently distinct from them. To the physical inquirer, the physician, the metaphysician, the moralist, the divine, we leave their several provinces untouched. Political economy is distinguished from natural philosophy in that, whilst the latter relates to the laws of nature, the discovery and development of the particular processes and most advantageous methods of directing individual labour in the several branches of industry, as in agriculture, manufactures, and the like, and without regard of the persons to whom their effects may apply, or by whom they may be brought about, whether to or by one or many; the former takes a more general and extensive range, and while it does not overlook the individual engaged in labour, devotes itself more especially to these laws as they may be brought into operation by the aggregate and combined exertions of a social community, and as their effects operate, not on the individual solely, but on the *common* welfare.

If mankind existed in a state of separation and independence of each other, as then political association would have no existence, so political science would have no place. Without relations of fellow-citizens or fellow-subjects, the inquiries of man would be limited to the physical laws of the universe—to agriculture, to manufactures, to mechanics, to chemistry, and inquiries by which individual labour might be made successful, without reference to the parties by whom they might be brought into operation, or to whom their effects might apply. But a state of society, which introduces a distribution of employments, the interchange of commodities, a mutual connexion and dependence of men on one another, and in which the actions of one individual have an effect on the condition of many, presents to view human industry in a state of combination, and brings with it the necessity for a knowledge, not only of the physical laws of the universe, but of those social laws, for an acquaintance with which an examination of the phenomena that

industry in such a state exhibits is necessary. In this state of the case, it is not enough that agriculture, manufactures, mechanics, and the like, be well understood and practised; they must be followed in certain proportions to one another, according to certain methods; and the whole industry must be properly arranged and combined. Through a knowledge of these social laws, such arrangement and combination may be effected; the labours of the whole community may be conducted, to a certain extent, in unison, by a combined and harmonious plan of operations; and the disorder and confusion in industry, and the jostling, if one may so speak, of one man against another, which would frustrate the attainment of the ends of labour, be in a measure prevented.

Political economy is distinguished from moral philosophy in that, while the latter treats on human actions as affecting human happiness, here and hereafter, the former treats on that class of actions which in particular regard our industry and affect our pecuniary circumstances, in order that through a wise and skilful application and direction of our industrious faculties and property, that happiness may be realized which is derivable from external circumstances that are favourable to its existence.

Again, political economy is sufficiently distinct from the other departments of political science. Here we have nothing to do with the forms, constitution, or powers of government,—whether monarchical, aristocratical, republican, or mixed; nor with the ruling or directing power in the state,—whether it be a prince, a council, or senate. Neither does it concern us to inquire into the legitimacy or rightfulness of the authority exercised. The superior advantages for attaining the ends of civil government which one or other of these forms, or ruling powers, presents over the rest, belong to an inquiry wholly distinct. Our investigations relate to measures, and not to the means or the parties by whom they may be put in practice.

The degree in which the rights of person and property are maintained, the laws of succession to property, and the distribution of it which obtains in a community, are circumstances that operate powerfully on the production and maintenance of wealth. The investigation and development of the effects

which these have on industry, as causes of opulence or poverty and the mode of their operation, belong to political economy. The other effects they may have on the welfare of society, and the happiness or misery they may occasion in other ways, form a distinct inquiry, referable to the study of jurisprudence. The rights of property cannot be maintained, except through the medium of a magistracy and police, nor without the existence of laws and punishments for the repression of the offences by which those rights are violated. The inquiries of political economy, however, are confined merely to the effects resulting from the security or insecurity of property, leaving out of view the means by which that security may be obtained. The rules of civil and criminal law, the reasons, the end, and measure of punishments, with such like questions of civil polity, more conveniently form the subjects of a separate discussion.

SECTION II.

ON THE MEASURE OF THE PRODUCTS OF INDUSTRY.

It seems natural to refer the products created by industry to some standard of valuation, for the purpose of estimating their amount, and thereby the result of any kind of labour, or of any legislative measure or system of measures that have been applied to the direction of industry, in order to ascertain whether they have proved beneficial or injurious, or whether some are more or less so than others. Some such standard seems to be called for in order to enable us to affirm on which side the resulting balance of advantage or loss may have preponderated.

But, with reference to a measure for application to the products of industry, or a quality by which to estimate their magnitude, let it be recollected, that it is not with *products* alone that economical science is concerned. In the subjects of that science are comprised, not only the products of industry actually existing at any time, and susceptible of valuation, but the sources whence

they are drawn. One of these sources is labour, or the exertion of the human faculties, which is not appreciable or comparable in the same way as its products. An examination of the laws of social industry has for its object to increase the productiveness of these sources, or the produce they may be made to yield by their employment, not less than to augment the quantity and quality of the stock of these products actually existing on hand unconsumed. Since then the productiveness of the *sources* of wealth, and the facility with which they yield, may be increased or diminished without materially affecting the amount of stock on hand, it is plain, that whatever be the measure or the quality by which the *existing* amount of this stock may be estimated, it can show only in a very uncertain degree the good or bad consequences resulting from any legislative measure or measures operating on the industry of a community.

Again, the same uncertainty must exist if we apply this measure to estimate the amount, not of the products of industry actually on hand, but of the products which are created in a community in any given time; and for this reason, that the industry of the community, by which these products are acquired, may be exerted or prove successful in a greater or less degree during that particular time; and the products, consequently, be great or small, not from our ability to earn much or little, but from our being idle or industrious. The means of producing may exist without being called into exercise; and, again, the seasons, or other adventitious circumstances, may be more or less propitious. Once more, the products created may be well or ill adapted to the wants and wishes of the people. The objects of political economy are, to discover the means of facilitating production, and increasing the leisure time of the people, as well as to augment their riches; and their ease and leisure may become more, while their riches are not greater. No positive conclusion, therefore, can be drawn from the fact of an augmentation or diminution, either of the actually existing stock of objects of wealth on hand, or of the objects which are produced in a given time, as to the real ability of the people to produce, and as to the ease or shortness of time required for the production of the objects created.

Bearing in mind, therefore, the degree of indeterminateness of any inferences which may appear deducible from the augmentation or diminution, both of the stock on hand of objects of wealth, and of the quantity created in a given time, we proceed to notice the means or measure by which the products of industry are appreciable.

In the acquisition of objects which minister to our wants and desires, and in the studies we undertake with reference to such acquisition, we have two ends in view, which in their most general sense may be thus stated,—first, to procure pleasure; and, secondly, to avoid pain: in other words, we wish to heighten as much as possible the gratification which these objects may yield, and on the other hand, to lessen as much as possible the sacrifice of toil or labour necessary to procure them. Now, such being the ends in view, these two elements, gratification on one side and toil on the other, must of necessity be found in every standard which can be applied as a just estimate to express the amount of the products of industry, or to indicate the degree in which success or failure attends our endeavours to heighten gratification or lessen labour. A standard which should express only one of these elements, as for instance, toil, would evidently be inadequate to its purpose; because the toil required for the acquisition of any article may be greater or less in different circumstances, while the article itself remains the same. And again, an article which may have been produced at a great sacrifice of labour, may after all be incapable of affording gratification, and altogether worthless; or, perhaps, afford a less gratification than the worth of the sacrifice of toil that has been made to procure it. Neither can the gratification which an article may yield, be the only thing by which a correct estimate of it can be formed. It is necessary to inquire what was its cost. A dress of fine cloth may afford more pleasure in the wear than a dress of coarse cloth; but if the fine should cost twice as much as the coarse, while the additional pleasure should be only half as much more, it would plainly be unwise to make a double sacrifice for a pleasure only half as much greater. Again, this standard of production must not only express the value of both these circumstances, gratification and toil, but it

must be competent to express an increase or diminution of the one without the other, or a variation in one while the other remains constant, or changed in a different ratio. In the prosecution of our endeavours, we may succeed in one of the objects, though not in another; we may procure a higher gratification with the same labour, or the same gratification with less labour. Thus, at one time, we may substitute in our sugar colonies, the cultivation of the New Zealand cane in place of that from Bengal, by which the produce of sugar is doubled, and yet the labour of cultivation may perhaps be in both cases the same. At another time, we may manufacture cloth of equal goodness, but with half the labour required before. In each of these cases we succeed. In the first, by increasing the gratification arising from a double quantity of sugar; in the second, by lessening the labour of procuring the cloth. A standard measure of production must, therefore, be a compound term, in the *direct* ratio of the gratification, and the *inverse* ratio of the toil. But there is no one simple term or idea that can express these different circumstances; since they are of such a nature that it is impossible for a single term to serve the purpose, and therefore, if a compound term be not used, there must be two measures which must in all cases be applied to afford a correct conception of the amount of the products of industry. In short, it is the same with the estimate of the supply of the community as with that of individuals: in both cases, the two identical inquiries are to be made; first, what is its quantity and quality? and, secondly, what did it cost? And how should it be otherwise? or why should we expect in political economy a measure to estimate results different from what we are content with in ordinary affairs? The supply of the community is but the sum of the supplies of the separate individuals who compose it; and the same ideas and views apply to the whole, as apply to its separate parts. The general adoption in our colonies of the New Zealand cane is not considered the less an improvement, or the less worthy of introduction, because the price of sugar is lower, and the condition of the planters from this or some other cause worse, than previously to its adoption.

Now, if, in considering the different terms which have been

used as standards or measures to estimate production, we carry with us the recollection that there must be found in each of them these two elements, gratification and toil; in other words, the sum of the supply and its cost; we shall then be able to appreciate their just value, and suitability to the purposes to which they are applied, that ought to be ascribed to these different standards or measures. If in any one of them these two elements be not found, it must be not only useless as a measure of the products of industry, but its adoption would, in all probability, mislead.

The different terms that have been used by economists as expressing the qualities, by which to estimate the amount of that *wealth*, which they have considered as the sole object of their inquiries, are these,—*value, utility, cost in human agency.* But if we attentively consider each of these different terms, we shall find that in none of them are contained those two ideas before spoken of, gratification and toil; or, the sum and its cost; and, consequently, that not one of these terms can give a just conception of the degree of success or failure which may attend our labours; and therefore cannot safely be relied upon in economical reasonings, as affording a correct estimate from which just and useful conclusions may be deduced.

The quality of *value* is that quality by which objects of wealth are most commonly estimated and compared; and, in the ordinary transactions of business, in the interchange of these objects between individuals or nations, there is no other quality which so accurately represents all those properties that are important to be known in such transactions, and is so completely adapted to the purpose. Value is indeed a quality which has reference solely to exchange, and its appreciation is usually of small moment except with reference to exchanges.

The term value is used in different senses. We have *value in use, real value, and value in exchange. Value in use* is the same thing as utility. The idea which *real value* is employed to convey is, the magnitude of the labour expended in the production of commodities; which is the same as *cost of production.* Again, *value in exchange* has been said to be *nominal* and *real*;—nominal, or value in the precious metals;

and real, or the power of commanding commodities and labour in exchange. It will be seen by and by, that for the objects which political economy has in view, neither utility nor cost of production is a quality by which a just estimate can be formed of those properties of products that are important to be expressed. Not less unsuitable is *value in exchange.*

The general adoption of the quality of *exchangeable value* to express the amount of national wealth, seems to call for a more lengthened notice of this quality than would otherwise be proper.

The valuation of an object is the affirmation that it is in a certain degree of general estimation with mankind, as compared with some other specified object, and that there are persons who are able and willing to give this other object for it.

The quality of value in objects arises from the constitution of man; from his wants and wishes, and the necessity imposed on him to exert himself in order to supply them. These wants are affected by the climate in which he lives; the laws, customs, and manners of the particular society to which he belongs; as well as by an infinite variety of other circumstances.

Of these wants, some being satisfied by the gratuitous agency of natural objects, as of air, water, or solar light, mankind are not called upon to earn the satisfaction of such wants by any sacrifice or exertion; and as men will make no sacrifice where they can avoid it, the things by which these wants are satisfied, are accordingly not possessed of exchangeable value. Other wants there are which can only be satisfied at the expense of a sacrifice of some kind or other; whether of labour, of money, or of goods. To the objects which satisfy such wants alone is any value attached; and for the obvious reason, that these cannot be obtained at all but at this expense, and that whoever has been obliged to make this sacrifice to acquire an article, will hardly resign it without receiving what is, in his estimation, an equivalent.

The value attributed to an object may or may not be a just estimate; since the judgments of men are liable to be swayed by ignorance, error, and caprice. Yet it must be taken as we find it, without reference to its correctness. But, in either case, value merely represents the sacrifice men are able and willing

to make for the object; and though the estimate were entirely free from error, the quality of value would not on that account be the less unsuitable for use, as the quality from which the estimate of *national* production is to be formed.

To confer value, two things are requisite: 1. That the commodity, as being useful or delightful to man, should be an object of his desire; 2. That it should exist in a degree of scarcity.

In observing on the nature of value in exchange, as a property by which to form an estimate of national production, the following facts are worthy of notice.

First, the quality of value in exchange, whether it be taken as nominal value, that is, value in the precious metals, or as real value in exchange, that is, the power to command in exchange the necessaries and conveniences of life, including labour, does not in either way exhibit either of those qualities we desire to ascertain; which are, the quantity and quality of the objects, and the cost at which they have been acquired.

Secondly, value in exchange does not represent any one quality actually subsisting in the commodity itself. An article may be of high value at one time, and of none at all at another. Ice in summer may fetch a considerable price, but not in winter. The same may be said as regards place. Coals at Newcastle are of different value from those sold in London. Amongst other things, the value of an article essentially depends on the relation of the demand for it to its supply, and the cost of production, or the value of the labour, capital, and land necessary to its acquisition. This value is raised by the scarceness of the article, and lowered by its abundant supply; and, again, it is raised by the difficulty, and lowered by the facility of acquisition. Now these are circumstances that do not belong to the article; which, indeed, are wholly independent of it. "So little," to use the language of the Earl of Lauderdale, "has the quality of things to do with their value, that it very often happens when a commodity possesses, in the highest degree of perfection, all the qualities which make it desirable, its value is the lowest; and when, on the contrary, it possesses them in a very inferior degree, its value is the highest. This is almost constantly the case with grain. In a fine season it is

always of a superior, in a bad season of an inferior, quality; yet, as the fine season generally produces an increased, and a bad season a diminished, quantity; with a thorough contempt of the quality, the value of the corn is always regulated on the principle here stated; and the greatness of the quantity, though of a superior quality, reduces its value; whilst the diminution of its quantity, though of very inferior quality, increases the value in the market."* Value, then, is not an inherent property of the thing valued, such as figure, extension, durability, hardness, gravity, and the like,—properties which are essential to matter, and cannot be separated from it; but it is an abstract idea, perfectly independent of any actual quality subsisting in what is valued. Value is rather an affection of mind; it is an accident, a casual circumstance, which sometimes is, and sometimes is not, found to exist in connexion with those articles which minister to our wants and wishes. In fact, the affirmation of value in an object, is merely the affirmation of the ability and inclinations of men to give other things in exchange for it. In a standard measure of value, however, we look for something both definite in its nature, and as nearly as possible invariable in its value.

Thirdly, value in exchange is wholly matter of comparison between different objects: this is the case from its very nature. Representing the degree of estimation in which things are held, or the amount of other things that men are able and willing to give for them, the expression is not positive but relative, nor is it possible that value can be manifested or appreciated except by comparison. The estimate of value in any object is an estimate of the effect which two objects have on the wishes of men; not, indeed, of the positive effect of both or either of them, but of their relative effect, of the one having as great or a certain greater effect than the other.

Fourthly, value is not a quality of permanent existence; it is unstable in its very nature, and in a constant state of fluctuation. A change of circumstances, and a change in the relationship in which a man stands with men and things around him, cause a change in the objects of his wants and wishes; and con-

* P. 16.

sequently in the value which he assigns to these objects, or the sacrifice which he is willing to make to obtain them. Value being an affection of mind, and depending on the abilities and inclinations of men, which are affected by an inconceivable number of circumstances, other than the qualities of the things themselves that are valued, must, like those abilities and inclinations, be in a constant state of fluctuation, and never long together the same. Again, as value can only be manifested by a comparison of two objects, if the value of any one of these objects becomes changed in any degree, the value of every other object with which it is compared, must of necessity appear to have sustained a corresponding alteration. Thus, if the value of grain is to be expressed in silver, this expression may vary either by a change in the circumstances which confer value on grain, or by a change of those which confer value on silver; and, what is worthy of notice, in the event of such change, it may be uncertain whether it is the grain or the silver, or both, the value of which may have varied. But if both should happen to have varied equally and in the same direction, their values will appear to be precisely the same as before, notwithstanding that both of them have altered. It is true, the value of any one article, whether bullion or goods, may, during any moderate space of time, be shown to have remained unchanged, or to have varied in a certain proportion, by comparing it with a great number of other articles; but not with one only. After a long interval of years, however, the comparison is less to be depended upon.

The supply and the demand in the market for any commodity have a reciprocal action upon each other. While its value at any given time is determined by the relation of the demand to the supply, this value operates in increasing or lessening the future supply, and thus affects the price in a future market, according as that price affords more or less remuneration to the producer. The remuneration of the producer arises through the excess of the sale price of the article over the cost of producing it. Thus, with a change in the cost of production, the value of every commodity ultimately experiences a corresponding change. Now every commodity is produced under circumstances which are liable to alter, and these circumstances are so numerous

and fluctuating, (any one of which becoming changed, must cause a change in value,) that hence, also, arises a constant source of fluctuation in value.

Again, "Value does not depend merely upon the scarcity in which commodities exist, nor the cost of original acquisition, nor upon the inequality of their distribution; but upon the circumstance of their not being distributed according to the wills and powers of individuals, or in such quantities to each as the wills and powers of individuals will enable them ultimately to effect by means of exchanges."

"If nature were to distribute, in the first instance, all her goods precisely as they are ultimately distributed previous to consumption, there would be no question of exchange or exchangeable value, and yet the mass of commodities would both exist in a degree of scarcity, and be very unequally divided."*

Again, not only do the circumstances under which commodities are produced frequently undergo a change, but the opinions and wishes of men as regards different commodities are likewise liable to alter: from which proceeds another source of change in value. Nor is it possible to foretell any one of the changes which may take place in its production. Consequently, there is no material whatever whose value may not by change of circumstances become most essentially altered, or, perhaps, entirely lost. To suppose that any accurate measure of value can exist, so as to be constantly stable under such changes, is completely destructive of all just ideas of the nature of value. The existence of such a fixed and perfect measure of value is in itself impossible; "for as nothing can be a real measure of magnitude and quantity, which is subject to variations in its own dimensions, so nothing can be a real measure of the value of other commodities, which is constantly varying in its own value." In order that any article should possess such an unvarying value, it would be necessary, not only that the wishes of men as regards it should for ever remain unchanged, but that the circumstances of its supply also should either remain so too, or vary only in complete uniformity with every other article. Hence it is evident, that there is nothing which possesses a real,

* Malthus, p. 52.

intrinsic, or invariable value, so as that an assumed quantity of it shall at all times and places, and under all changes of circumstances, be of equal value.

Once more, "No one thing can measure another, but that which has the qualities of that other. Thus, what measures weight must have weight; what measures extent must have the same quality. But what quality has an abstract idea by which it can measure the value of a horse, for example, or of a quarter of corn?"*

But if we could for a moment suppose, contrary to the nature of things, that anything possessed intrinsic and fixed value, so as that an assumed quantity of it should constantly, and under every change of circumstances, be of equal value, then the degree of value of all other things possessing value, ascertained by such a fixed standard, would vary with a change of any one or more of the following circumstances:

1. More or less fertility in the soil, mines, or fisheries, whence the article, or the materials of which it is composed, are procured; 2. more or less labour necessary to its acquisition, preparation, or distribution; 3. more or less value in that labour; 4. more or less capital required for these purposes; 5. more or less durability in that portion of this capital, which is of a permanent character; 6. more or less time elapsing before the capital is returned to its employer, and becomes available for reproduction; 7. more or less value in its hire; to which may be added, 8. its being more or less the subject of taxation.

Again, besides these eight circumstances which have a tendency *ultimately* to determine the price of an article, because they affect the remuneration of the producers, and limit the eventual supply, the price is *immediately and temporarily* altered in every market by competition, and by each change in the relation of the quantity supplied to the demand for it. Although the self-interest of producers constantly tends to an equalization of their emoluments in all employments, yet as capital and workmen cannot be transferred with rapidity from one occupation to another, the different classes of producers acquire temporarily higher or lower gains than the average of other

* Edinburgh Review, Oct. 1808.

employments. Thus the value of an article is temporarily influenced within certain limits by the four following circumstances.

1. "It is subject to an increase of its value, from a diminution of its quantity. 2. To a diminution of its value, from an augmentation of its quantity. 3. It may suffer an augmentation in its value, from the circumstance of an increased demand. 4. Its value may be diminished by a failure of demand."*

As, however, no commodity can possess fixed and intrinsic value, so as to qualify it for a measure of the value of other commodities, the value of any commodity may vary at one period from what it is at another, in consequence of twenty-four different contingencies:

1. From the twelve circumstances above stated, in relation to the commodity of which the value is meant to be expressed. 2. From the same twelve circumstances, in relation to the commodity adopted as a measure of value; whatever that be, whether gold or silver, or any thing else.

Amongst civilized nations, money has long been the only object of comparison with which the value of things has usually been measured. But it is not at all essential to value that the comparison should be made with money. Every valuable object may be exchanged for every other, and the value of any one would equally serve as an accurate measure of the value of every other. Our Saxon ancestors used cattle for this purpose. The negroes on the coast of Africa use bars of iron; and a great many other articles have at different times, and in different places, been used for the same purpose. A day's labour may be described to be of the value of so many pecks of wheat, or of so many shillings and pence; and the chief superiority of the latter over the former method of comparison consists, in that, from the habitual use of money as the measure of value, the mind has become so familiarized to it, that it can more readily form a conception of the amount, and of its relation to other things, than it would be able to do, if compared with a measure which it had seldom or never before employed in making such comparisons.

* Earl of Lauderdale, p. 13.

The different measures of value in use at different times and in different countries, have possessed some a greater and some a less degree of steadiness and permanence of value. Of these different measures, the precious metals have presented, not only the most convenient, but perhaps the most steady measure. Popular prejudice indeed assigns to them an unalterability of value. But although they afford a complete standard for every thing at the same time and place, and as a practical measure of value are superior to every thing else, as less liable than any other material to the sources before mentioned of variation of value in different times and places, yet a slight reflection is sufficient to convince us that they are not exempted from the operation of all these causes which occasion a change of value, and consequently that they cannot afford a just estimate of the exchangeable value of things in different countries; much less have they presented a *fixed and unaltered* standard of value of things in the same country in periods of time at remote distances from each other. When we are told that the wages of day-labour in England in the reign of Henry VII. were four-pence a day, this alone affords no sufficient information from which, without further knowledge, we can form a just conception of the actual condition of the working classes at that time. It would be very far from truth to imagine, that the shekel of silver in the days of Abraham afforded a measure of value at all commensurate with the value which is presented in the present day by a quantity of silver of equal weight and fineness. Probably there is no single article with which it would now exchange in the same proportion as it then did. The world has been supplied at different periods from mines of different degrees of richness. This different richness required different quantities of labour to procure the same quantity of metal; and the different degrees of skill applied at different times in the working of mines, must have been another source of variableness in the quantity of labour which a given weight of metal has cost to bring to market. Looking at the history of mankind and of the arts, since the adoption of gold and silver as measures of value, it is unquestionable, that their value has most materially changed in different ages, not only from the discovery of the mines of the

New World, but also from a multiplicity of other causes. But though subject to great alterations of value in times remote from each other, they change more slowly perhaps than any other commodity, and during any small number of years they may be regarded, within a certain range of any given place, as almost invariable in value, and exact enough for all the practical purposes of life.

Notwithstanding the unalterability in the nature of gold and silver, and the slight degree of oxidation to which they are subject, the waste and consumption of them which is constantly going on is considerable. Much is used in lace, embroidery, plating, and gilding. Much is worn away and lost in the use of plate, trinkets, and especially of coin. Much must be lost in their frequent transmission from place to place, as well by sea as by land. Much, again, is lost, especially in uncivilized countries, from the universally prevalent custom in such countries of secreting treasures in the earth, of which the knowledge often dies with the person who makes the concealment: whence the treasure is lost to the world on his death.

With the progress of wealth amongst mankind, the market for the precious metals has gradually become more and more extensive. This market has become greater, not only from the increased population and opulence of the people of Europe, giving them the power to purchase these metals in larger quantities, but the people of America, the East Indies, and China, countries in the early ages unknown in the market, take off considerable quantities.

In order to supply so widely extended a market, the quantities of gold and silver annually brought from the mines must be sufficient not only to support the continually increasing demand, which arises in all thriving countries, but to repair the constant waste and consumption which take place wherever they are used. This waste and consumption, and this continually extending market, have existed in all ages, and have called annually for fresh quantities of metal from the mines to repair the waste, and meet the continually extending demand for it.

The fact that some mines have always been kept at work, and are worked to this day, shows, not only that there has been a

constant and gradual consumption of these metals going on, but that there has never been such a glut of them in the market, as to reduce their value below the labour and expense required to extract and purify fresh quantities of metal. For if such had ever been the case, the working of the mines would have been temporarily stopped or suspended. Again, it is known, that working the mines, though more hazardous, is not on the whole more profitable than other occupations in their neighbourhood: the great losses which are frequently sustained making up for the great fortunes that are sometimes acquired. Thus, independently of the duty paid to the state, the permanent value of the precious metals is determined, like that of every thing else, by the cost of their original acquisition.

Accordingly, the value of the precious metals at different periods must have been altered by the same circumstances which have influenced the value of all other things;—temporarily, by changes in the relation of the demand to the supply; and permanently, by changes in the expense at which they are acquired. Accustomed as we are to compute the value of everything by these metals, and to speak of things as rising or falling in value, according as more or less money must be given for them, we are apt to overlook the fact that the value of money itself is often changing. Yet the value of money is quite as much influenced by its abundance or scarcity, and by changes in the expense at which it is procured from the mines, as is the value of any commodity whatever by similar circumstances applying to it.

When, in the progress of opulence, the demand for the precious metals has been much increased; if at the same time their quantity was not increased in an equal ratio, their value must have gradually risen; that is, any given quantity of them must have exchanged for a greater and greater quantity of other things; or, in other words, the money prices of other things must have gradually fallen lower and lower.

If, on the contrary, the supply of these metals has increased, for many years together, in a greater proportion than the demand, they must have gradually become cheaper; or, in other words, the money prices of other things must, in spite of all improvements, have gradually become higher.

But if, again, the supply of these metals has been increased nearly in the same proportion as the demand, they must have continued to purchase or exchange for nearly the same quantity of other things; and the general money prices of other things must, notwithstanding improvements, have continued very nearly the same.

We cannot doubt that, in the history of the world, one or other of these different combinations must have been continually recurring, so as for a time to change the market value of these metals from the natural value, or the actual cost of extracting and purifying them.

The natural value, or the original cost of the extraction and purification of gold and silver, must have varied with the following circumstances;—the quantity of labour necessary for that purpose, the rate of hire of that kind of labour, the amount of rent demanded by the owner of the soil for the liberty of working such mines as were least productive, the quantity of capital employed or consumed in carrying on the works, the durability of the fixed portion of that capital, and the rate of hire demanded for it; to which may be added, the amount of duty paid to the state. Now each of these has varied from time to time, and is liable still to vary hereafter. Without enlarging on the effects resulting from changes in these circumstances individually, it is sufficient for the present purpose to say, that, in the progress of scientific, mechanical, and metallurgical knowledge, the labour of extracting and purifying the metal must have been continually on the decrease; and, looking forward to future times, must continue to decrease in a commensurate degree with every advancement of that knowledge. Taking this circumstance alone then, and independently of the others, supposing, however, at the same time, that the present veins of ore are equally rich with those in earlier ages, the precious metals must have greatly fallen below their value in ancient times, and must be expected to continue to fall with every additional facility of working the mines.

It is possible, too, to conceive, that in process of time another cause of depreciation in the value of these metals may arise. Gold and silver are not articles of use equivalent to the high

value which they bear: silver is of much less use than iron, and gold is still more inferior in this respect. Commodities in general possess a usefulness commensurate with their value. They possess intrinsic qualities which must ever procure for them a command over other things. But the precious metals are held in estimation, and a demand for them is maintained, chiefly through their being employed as the medium of exchange;—an employment altogether arbitrary, and which may or may not always be continued. And if this employment should cease, the quantity in the market would be so large that no fresh supply from the mines would for a long time be required. Consequently, the cost at which they are extracted, and which now insures to them a value equal to that cost, would cease to have any influence: their value would then depend upon caprice.

By some persons, corn has been thought to present a standard of value less liable than the precious metals to alter in periods distant from each other. It is said that in leases for a long term of years, rents reserved in corn are more calculated to maintain their value than rents reserved in money; even where the weight and fineness of the metal contained in the coin sustains no change. Adam Smith observes, "By the 18th of Elizabeth, it was enacted, that a third of the rent of all college leases should be reserved in corn, to be paid either in kind, or according to the current prices at the nearest public market. The money arising from this corn rent, though originally but a third of the whole, is, in the present times, according to Dr. Blackstone, commonly near double of what arises from the other two-thirds. The old money rents of colleges must, according to this account, have sunk almost to a fourth part of their ancient value, or are worth little more than a fourth part of the corn which they were formerly worth. But since the reign of Philip and Mary, the denomination of the English coin has undergone little or no alteration, and the same number of pounds, shillings, and pence, have contained very nearly the same quantity of pure silver. This degradation, therefore, in the value of the money rents of colleges, has arisen altogether from the degradation in the price of silver."* Now in opposition to the

* Wealth of Nations, Book I. ch. 5.

conclusion here arrived at, it may be observed, that, in the progress of population and of opulence, the natural tendency of corn and rents of land in relation to other things is to rise, and therefore it is by no means reasonable by comparing money with them, to infer the degradation in the value of these money rents, and the degradation in the value of silver, to the extent here concluded; since corn and rents are confessedly in their nature of advancing value. Had the rents of these lands been reserved wholly in corn, although such rents would in their advance in value have only kept pace with the advance in the actual value of the land, they would nevertheless have most materially risen in their command over the necessaries and conveniences of life not the immediate produce of land, or the quantity and quality of the things they would now purchase. If measured by some other things, as for example, such of the manufactures of Birmingham and Manchester, as have not been materially affected by mechanical improvements, these money rents will not appear to have fallen so very considerably. It may be reasonable to reserve the rent of land, being the equivalent for the privilege of occupying it, in corn; because as the value of the privilege advances, so will the payment for it. But it would not be quite so reasonable to require a perpetual payment in a given quantity of corn for a privilege of some other kind, which in its nature should be of stationary or of declining value.

The observations which have been already offered on the circumstances which determine the value of gold and silver, apply also to the determination of the value of corn. It is true that corn is in some respects different from gold and silver, as being an article of primary necessity, and not of caprice. In every stage of improvement it is the production of human industry, and the average produce of every sort of industry is always suited, more or less exactly, to the average consumption. Unlike cattle, poultry, game, and other spontaneous productions of nature, which in thinly peopled countries are frequently to be found in greater quantities than the consumption of the inhabitants requires, the average supply of corn is always suited to the average demand. But in different stages of improvement and

of population, equal quantities of corn maintain very unequal values. The labour necessary to raise that last increased quantity of corn which the rising demand of the market calls for, and the cost of which determines the value of the whole, cannot remain in those different stages the same. As cultivation becomes forced, or extended over inferior soils, the labour and expense of raising this corn must increase. On the other hand, the heightening of the efficiency of labour, which an advanced state of society induces, from improvements in the implements and processes of husbandry and the more extensive use of capital, lessens that labour. Again, the value of corn may be very materially lowered from the cultivation of extensive tracts of fertile land in newly settled countries, whence it may be imported. Once more, the value of agricultural labour itself, in relation to the value of other kinds of labour, or of commodities, is subject to variation, as the supply or demand for this particular kind of labour changes. The value of the use of capital, too, fluctuates from similar causes.

Here then are causes operating on opposite sides; some to enhance, others to lessen the value of corn. They may act sometimes together, sometimes singly; sometimes one may act by itself, and sometimes another. Any one of them by itself, is enough to prevent equal quantities of corn, in different states of society, from representing, or being equivalent to, equal quantities of labour or other things, and much more would be all of them together.

"That corn is a very inaccurate measure of labour, the history of our own country amply demonstrates; when labour, compared with corn, will be found to have experienced very great and striking variations, not only from year to year, but from century to century; and for ten, twenty, and thirty years together."*

Again, the value of corn in different countries is exceedingly dissimilar; depending, amongst other things, very materially on the quality of the least fertile land which is necessary to be under tillage, in order to raise the quantity of produce required for the supply of its market. In America, the quality of this

* Mr. Ricardo, p. 506.

land is very superior to what it is in England; and accordingly, the value of corn there is very inferior to what it is here. It is impossible, therefore, that corn can ever approach to an invariable standard of value, either as regards different countries, or different stages of improvement in the same country.

While, then, the labour and expense of working the mines has been subject to alteration, and still more the labour and expense of growing corn, what, as regards value, can be inferred from a comparison of the prices of corn in standard silver in distant periods of time? It is obvious that without further investigation, nothing conclusive can be inferred from such comparison. The twenty-four ways before spoken of, in which a variation in the value of every commodity may happen, apply equally here; and when one or all of them have been subjected to change, perhaps in different degrees and in opposite directions, the expression of value so acquired must be wholly incomprehensible.

Mr. Malthus considers the nearest approach to an accurate measure of the real exchangeable value of things is to be found in a mean between labour and corn, as, for example, a peck of corn and a day's common labour, and that these two taken together would form a standard but little subject to variation; and, as preserving pretty nearly the same real value in exchange, would represent nearly the same quantity of the necessaries and conveniences of life at the most distant periods, and under all the varying circumstances to which the progress of population and cultivation is subject.* By this real exchangeable value, he means the power to command the necessaries and conveniences of life, including labour. There seems reason to concur with him in thinking that such a standard would be less subject to variation than perhaps any other, and certainly less so than either corn or labour taken singly. For as the rent of land increases, the relative value of corn must become higher; while, as the effectiveness of labour, the main cause of an advance of rents, increases, a given quantity of the products of labour must fall in value; and thus, the changes in the two operating in opposite directions, must in some measure counter-

* Principles of Political Economy, ch. 2, sect. 7.

balance each other, and preserve a degree of steadiness not to be found in one alone. But the wages of any one class of labourers are subject to very great variations in relation to the wages of other classes of labourers, arising from the difficulty attending the acquisition of the requisite qualifications for performing the kinds of labour which are of higher value; and hence the wages of one class of labourers are no criterion of the value of other kinds of labour.

Fifthly, if any thing really possessed intrinsic and fixed value, so as to render an assumed quantity of it constantly, under all assignable circumstances, of equal value, and thus to constitute an invariable unit by which to form our scale of estimation, of what use after all, for the chief ends of economical inquiry, would the appreciation by this quality be? It is obvious that, in devising the means by which the objects of our desire may be increased in quantity, improved in quality, better adapted to our wants, and their acquisition facilitated, it is these circumstances alone that require to be looked to. If the causes on which they depend are made to appear, it were superfluous to look to other qualities. Every end of our inquiry being attained, nothing further remains to be sought for. But if it were otherwise, the estimate of exchangeable value, however correctly ascertained, shows nothing of what we require to know. It does not describe the actual quantity and goodness of the products estimated, or the cost at which they have been acquired. It shows nothing of the causes which occasion value, but only that the causes which do occasion value in one object, bear a certain relation to the causes which occasion value in the other object with which it is compared: but as to the nature of these causes, or the mode or extent to which they respectively operate, we are left wholly in the dark. Of what importance, then, can it be to ascertain the exchangeable value of the products of industry, whether it be greater or less?

The appreciation of value has its use in reference to exchange. It is of use, accordingly, as applies to the *external* commerce of a nation; but as regards the things produced and consumed *within itself*, the appreciation of this quality in inquiries relating to the augmentation, improvement, and cheapening of these

things, is wholly useless. The value of an object, or the sacrifice which men will make to obtain it, is a quality of the utmost importance to the owner who may be desirous of disposing of it, and of procuring some other object in exchange, the goodness or quantity of which last must entirely depend on the relation of the value of the object to be parted with to the value of that which is to be obtained. The different parts of the whole supply of a community are mostly exchanged by its different members one against another, and the value of these parts in such instances is subject of consideration between these members; but the larger the benefit of the value to the seller, the greater the sacrifice which must be made by the purchaser; if we increase the benefit to the one, we lessen it to the other, without augmenting the whole. As it is amongst individuals, so it is in the intercourse of nations, the value of commodities is the complete and only standard to which reference need be had, in the interchange with foreign productions of that portion of the products of domestic industry which is intended for exportation. But it is of use no further. An individual consuming articles the products of his own personal industry, has no need to inquire into their market value. So it is equally unnecessary in a nation to make an estimate of the *value* of the products of its industry which are consumed at home; for it can be of no importance whether the amount of other things which men would be able and willing to give for them be great or small, when no exchange takes place, or is contemplated, and no benefit could accrue from such exchange. In the eye of the economist, therefore, looking to the means by which the supply of the whole community may be increased in amount, and its cost of production lessened; looking at the products of industry also, as intended for use or consumption at home, and without regard to any external exchange, value is here of no moment whatever. As concerns the interest of the whole society, whether the value between its different members be high or low can make no difference; since the properties of the objects are not changed thereby. The wealth of a community then, or the amount of the production of its industry, so far as it is intended for use or consumption within itself, and

not for exchange beyond it, does not in any way call for an estimate of value; which could only be useful in the contemplation of its exchange against foreign productions.

The wealth of an individual is properly enough computed from its value. From the amount of this value we estimate the extent of the command which his riches give him over the property and services of others. Here, we look only to the personal situation and interest of the individual in relation to other men, without regard to the public advantage or to the circumstances and interest of others, or considering how much the advantage of the one may be to the prejudice of the rest. But as regards the wealth of a nation it is different. The collected sum of the private riches of all the individuals of a community may give a false idea of the opulence of that community. In an estimate of *public* wealth, we regard, not the private interest of individuals merely, but the circumstances and interest of the whole, and of every member of the community. But the command which the riches of one member of a society may give him over the services of others, may be to the disadvantage of those others, whose services are thus to an unreasonable extent at his disposal; and if we look for an expression of the public wealth of the society from the collected sum of individual riches, this deduction must be made. If the wealth of a country is to be estimated by its value, the objects which compose this wealth must be estimated higher according as they exist in greater scarcity, or are of more difficulty of acquisition; since men will in such case be under the necessity of making greater sacrifices to procure them; and every increase of this scarcity and difficulty must augment value, and consequently the sum of public wealth so estimated. A statesman, therefore, who should desire by legislative measures to augment the public wealth, might expect to do so by causing a scarcity of those commodities which are generally useful and necessary to the people. "For example, let us suppose a country possessing abundance of the necessaries and conveniences of life, and universally accommodated with the purest streams of water:—what opinion would be entertained of the understanding of a man, who, as the means of increasing the wealth of such a

country, should propose to create a scarcity of water, the abundance of which was deservedly considered as one of the greatest blessings incident to the community? It is certain, however, that such a projector would, by this means, succeed in increasing the mass of individual riches; for to the water, which would still retain the quality of being useful and desirable, he would add the circumstance of existing in scarcity, which of course must confer upon it value; and, when it once obtained value, the same circumstances that fix the value of its produce for a certain number of years, as the price of the possession of land which produces food, would equally fix the value of the produce of springs for a certain number of years, as the price of the possession of that which produced drink; and thus the individual riches of the country would be increased, in a sum equal to the value of the fee-simple of all the wells."* Such are the consequences which are deducible from computing public wealth in the same manner as individual riches; that is, from value, and from supposing that the collected sum of individual riches can express the amount of public wealth. An estimate of the products of industry so formed will show one of two things;—either that the quantity and quality of these products are augmented, as would naturally be concluded; or, that their scarcity or difficulty of acquisition is greater: but whether it be one or the other, or both of these circumstances, that have changed will be wholly uncertain. If then, from the observation of a higher value, we may be led to mistake a greater scarcity or difficulty of acquisition for an increased production, we cannot wonder at any absurdities into which such an estimate might lead. It would be strange if conclusions drawn from such reasonings could be satisfactory, or consistent with themselves. The object of economical studies, however, is one of a quite different character from heightening the *value* of the products of industry, or the *sacrifice* which men are compelled to make to obtain them. Their end is, to lessen this sacrifice; to cheapen products; not to make them dear.

So far is it from fact, that from an increase of individual riches an augmentation of the public wealth can always be

* Lord Lauderdale, p. 42.

inferred, that there are cases of constant recurrence in which an increase of the riches of individuals is consequent on a great public calamity, and a diminution of those riches attendant on a public benefit. In the case of grain, it is universally admitted, that a deficient harvest raises its price in a greater degree than the deficiency of the supply; food must be procured, if possible, let the price be what it may, so that the whole scanty produce of a bad harvest sells for more money than the much larger and better produce of an abundant one. In times when the trade in corn was less free than it is at present, the increase of price from a falling-off in the supply was much more striking than now; and no conclusion can be drawn from what it was in those times as to what it may be at present. But were circumstances still more favourable than they are to a steady price of grain, there must always be found, in a perishable and bulky commodity, an enhancement of price greater than the deficiency in the supply. The same has always been found to take place in commodities which are not of so perishable a nature; and, in general, in proportion to their perishableness. A durable commodity may be withdrawn from the market when its supply is in excess, and be retained in hopes of a rise; but a perishable commodity must be sold while it is fit for use, or its value will be lost: speculators may buy up the durable, but they will not the perishable commodity. Now, an abundance of the commodities which form the supply of the community, especially in so important an article as grain, cannot but constitute public opulence; while, on the other hand, a scarcity of them cannot but make the people poor, whatever effect it may have on the private riches of certain individuals or classes.

If, then, the sum of individual riches does not express the amount of public wealth, it would be worse than idle, for any purposes of accurate reasoning, to institute an inquiry into the value of all the property at any time existing in a country, or even the value of the annual produce of its industry; much more from the changes which take place from time to time in that value, to attempt to draw any inferences to be relied on as to the real condition of the people, or as to the effects on their

pecuniary circumstances of municipal regulations, or other causes of change in the amount of that value. Such an estimate would be not merely indeterminate, but, if relied upon, would infallibly mislead.

If it were admitted that it is desirable to augment the *value* of the wealth of a community, it may not seem unreasonable to doubt the possibility of effecting this object in any considerable degree; at least so far as regards the *continued* produce of industry. Without denying that the accumulated produce of industry—the stock of houses, furniture, clothes, tools, machinery, and the like—may admit of an increase of value, through an addition to its quantity and quality, let us observe in what way the *continued* or *annual* produce of industry is to be made of greater value. No question can exist as to the practicability of augmenting the *quantity* and *excellence* of this continued produce; for, in fact, this is the very object of economical discussions; but the question is, how its *value* may be augmented. If value be accounted the *sacrifice* which men are able and willing to give, this sacrifice, as the terms imply, must depend upon what the people have *the means of giving*. This sacrifice consists either of labour, or property; and if all the property in existence in a country at a given time were valued, the means which the people have of giving is the sum of this property and its labour, or rather the produce which its labour exerted from time to time may create. Now the quantity of land cannot be increased to any considerable extent; but if it could, it may admit of question, whether the whole value of an augmented quantity would be greater than that of the existing quantity; since an addition to the land of a country would have a tendency to lower the value of every single portion of it. With regard to capital, it is perhaps more doubtful whether any considerable accumulation of it would augment its whole value. It is possible that from such an accumulation a glut of it might be produced, whence the command which it would have over land and labour might remain no greater than that of the previous smaller quantity. Independently of the people abstaining from consuming all which their labour produces, and making an accumulation of some part of it, the means of giving more can

only be increased in these three ways, by working more, by producing more with the same exertion of labour, or by an increase of workmen. This last method, though it may augment the amount of things which the whole population have to give, will not, in all probability, increase the sum which each individual can give: the population may be larger, but the circumstances of the people not be bettered thereby. But it may be asked, will an increase in the quantity and quality of the things which labour produces raise their value; or will not a greater abundance make them cheaper? For unless the people work harder and live harder, or acquire a greater efficiency of labour, they cannot have the means of giving more.

The misconception which has viewed material wealth as the only proper subject, and its increase as the only object, of economical science; which, again, has confounded wealth with value, and estimated its amount by its value; has greatly retarded the progress of this science. M. Say tells us that "wealth is proportionate to the quantum of real and intrinsic value; great, when the aggregate of component value is great; small, when that aggregate is small."* In another place, he says, "the exchangeable value of things is the foundation of all riches;"† and, "to separate this essential character from the definition of wealth is to plunge the science again into the depths of obscurity—to drive it back."

Mr. Malthus says, "In every case, a continued increase in the value of produce, estimated in labour, seems to be absolutely necessary to a continued and unchecked increase of wealth; because without such an increase of value it is obvious that no fresh labour can be set in motion."‡ But, setting aside for the present the consideration of the reason here assigned,—that without such an increase of value no fresh labour can be set in motion, and which, it will be shown hereafter, is not a sufficient reason; it is enough here to remark on the position itself affirmed, that "a continued increase in the value of produce estimated in labour," is necessary to a continued increase of wealth. If this position were admitted, then it would follow,

* Book I. ch. 1. † Letters to Malthus, p. 20.
‡ Prin. of Polit. Econ. p. 419.

that the wealth of a country could not be augmented by any improvement in the *effectiveness* of labour, notwithstanding that, through such improvement, the quantity and excellence of its supply of necessaries and superfluities, and its adaptation to the wants of the people, should be augmented. All this, it seems, would be of no avail; for the wealth of the country can never be increased, unless the working classes are compelled to give more labour for its produce than before; and thus additional toil in these classes is indispensable to the progress of wealth. If such were really the case, an increase of wealth, which must involve more toil and misery in the labouring classes, were to be deprecated rather than wished for, and the poverty of nations must be accounted a blessing.

Again, Mr. M'Culloch, as was before noticed, characterizes political economy as "the science of values," and its discussions as discussions on value.

But to characterize the discussions of political economy, as "discussions on value," is not presenting their proper character, and is very far from describing their real nature. Of what use could be discussions confined strictly to the quality of value in objects, or the extent of the *sacrifice* which men are able and willing to make to acquire them, and which extent must be measured by other objects in themselves every moment varying in value? Such discussions could only indicate relationships; relationships existing to-day, but at an end to-morrow; they could show, even while they lasted, nothing but the relationship between the difficulty of acquisition of different commodities; when the only useful object of inquiry—the way in which commodities may be increased in quantity, or the labour and cost of requisition lessened—would be wholly omitted. Vain and useless, however, as such discussions must necessarily be, the adoption of their conclusions could not be merely harmless in practice, it must be mischievous; since an increase of toil, and a sterility of production in the powers of industry, must heighten the value of their products.

It is to the employment of *value* as the quality by which to measure the products of industry, and to the use of the term

wealth to characterize the subject and object of economical inquiry, coupled with a peculiar language adopted in its investigations, that much of the abstruseness of character which this science has appeared to possess, and much of the error which prevails respecting it, must be ascribed. Although terms may be well defined, it is difficult always to recollect the precise sense intended to be conveyed; their proper signification is often misapprehended or imperfectly understood; the reasoning, in consequence, is unsatisfactory, and fails to carry with it its full force of conviction. From this abstruseness of character of political economy, and the consequent fatiguing nature of its study, the minds of men have often revolted from that attentive examination of its doctrines which they deserve, and, from an imperfect apprehension of their reasonings, have sometimes discarded their conclusions altogether; while the partial errors which, from the same sources, have pervaded the science, errors which its infancy might have excused or palliated, have exposed it to ridicule, and brought it into contempt with the uninformed; a contempt too often fomented into hatred by ignorant prejudice and self-interest. Hence it is that society has failed to derive those eminent benefits from the science which it is so well calculated to confer.

From what has been now said, it will not perhaps be disputed, that the quality of value is wholly unsuitable to represent the qualities, the increase or diminution of which it is desirable for the purposes of economical disquisition to ascertain; and that an estimate so formed must necessarily be imperfect, because it represents a quality of no moment to the inquiry, while at the same time it wholly omits all those properties the increase of which constitutes its very end and object.

Since then, as we have seen, value is not a quality by which the products of national industry can be properly estimated, the appreciating of this quality being useless, except with reference to foreign exchange, it results, that the consideration of those circumstances which affect and determine the value of commodities in the different stages of their progress, and in the different changes of society, the discussion of which usually holds so conspicuous a place in economical writings,

must be accounted of subordinate importance, and be of use only with reference to foreign commerce.

It may perhaps be superfluous to notice that *price* is not a circumstance from which the estimate of production can be properly formed. The price of a commodity is the expression of its exchangeable value in money. It is not uncommon to speak of the price of a commodity in labour, or in some other commodities; but where this is not expressly mentioned, it is understood to be in currency. Whichever way it be understood, is immaterial; for, since exchangeable value itself cannot yield a just estimate, it follows that so neither can its expression of price, whether in money, labour, or goods.

The money prices of goods in any country and at any time, or the dearness or cheapness of gold and silver, depends on the power possessed of producing or purchasing these metals. A country which has no mines within its own territory, must, of consequence, purchase these metals from abroad; and therefore the power of such a country of purchasing in the bullion market depends on its relative means of producing with facility goods for exportation which are in request in that market. It is not enough for such a country to be successful in every branch of industry required for the supply of the home market: if it would have a suitable quantity of the precious metals, it must be able also to produce goods for exportation. Many countries possess a fertile soil, and the power of producing without difficulty a tolerable supply of necessaries and conveniences for their own people; but not having manufactures or other productions of small bulk and superior quality and value, suited for conveying to distant countries, their power of purchasing bullion is comparatively small. Now the precious metals, like every thing else, are a correct measure of value at the same time and place, and according as they are difficult of attainment, the value of all other things estimated by them, or their money prices, is low; while, on the other hand, in proportion as these metals are easy of attainment, the money prices of every thing else are high. In the countries to which allusion has been made, in which the power of purchasing bullion is

comparatively feeble, the value of money is high, and the prices of every thing else correspondingly low.

The higher price of almost every thing in Great Britain when compared with most other countries, is the consequence, in part, of its superior power of producing *exportable* goods, and of purchasing every thing in *foreign* markets; and, in part, of the high duties imposed on the importation of nearly every foreign production, which check the return from being made in goods, and induce in a measure a return in specie. The general advance of prices of all articles in this country during thirty years, from the close of the American to the termination of the French war, is to be accounted for chiefly by the great start which England during that period had made in advance of other countries in improvements in the production of *exportable* goods, such as cottons, hardware, and many other kinds of exports, which obtained a preference in foreign countries, and gave a great increase of power in purchasing, both in the mining countries and in the world at large. While, on the other hand, the decline of prices since the period in question is to be ascribed, not only to the alteration in our currency, the consequent demand created for a large quantity of bullion, accompanied too by a partial suspension of the working the mines in America; but also to foreign nations having in a measure adopted our improvements, supplied themselves with some of these commodities, become competitors with us in other countries, and deprived us of the all but monopoly which during the war we possessed of the supply of the mining countries: they have been able to acquire some of these metals for themselves; and, consequently there, is, less left for us.

We pass from the consideration of *value in exchange* to that of *value in use*, or to employ a more simple expression—*utility*.

The question then is, does the intrinsic utility of objects present that character which is suitable to be regarded, as forming the foundation, and indicating the results, of economical inquiries?

The quality of utility, or desirableness, must undoubtedly exist in every object, for the acquisition of which human exertion is made; because no rational being would labour for any

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but such objects. But although utility or desirableness must be found in every thing for which men voluntarily undergo labour, yet, taken by itself, this quality cannot possibly either indicate the things which comprise the subject and form the object of political economy, or afford an estimate on which its reasonings may proceed.

If utility, taken by itself, were considered to express the subject of our inquiries, those useful things must be included which nature spontaneously furnishes in more than sufficient quantities, and the acquisition and preservation of which do not call for the intervention of any human being. The light, air, and water are not only of the highest utility, but even of the most indispensable necessity; their abundance may be regarded as natural opulence. Yet since for the acquisition of such things no labour is necessary, they cannot, consequently, come within the scope of those inquiries which have for their object to facilitate labour. In order to bring them within the province of our investigations, it would be necessary to add to the quality of utility or desirableness that of being procurable only by some sacrifice of labour or property. Accordingly, the quality of utility taken by itself, cannot express the class of subjects which constitute the science of political economy.

But if such things only are included to the acquisition of which labour is necessary, an estimate of the products of industry by their utility would still be wholly indeterminate and inappreciable. It would leave out of question altogether that most important consideration,—the relation which the utility of a product bears to the cost of its production or acquisition. In adopting this quality to estimate the production of a nation, and leaving out of view the cost of acquisition, though the labour expended in the acquisition of the whole products of its industry were reduced one half, while the amount of utility of these products remained the same, this estimate would indicate nothing different from before; and though the condition of the people were thus bettered by one half, political reasoners, depending on such an estimate, would fail to know anything about it. But what is utility? It is not a quality of the article affirmed to be useful. It is not an attribute of the persons to

whom the article is of use. Like exchangeable value, it is an abstract idea, a sort of relationship between the qualities of the article and the state of the individuals to whom it is of use. It is not a quality of the article; for it may have utility as regards some person, and none as regards another; it may be of use at one time, though not at another. If a person cease to be in want of the article, its utility is immediately lost, though all its properties remain the same. It is the circumstances of this person that are changed, and not the qualities of the article; which shows that utility is not a quality of matter. Length, and weight, and bulk, are material properties appertaining to objects, independent of other objects; they are invariable, and serve at all times as properties by which they may be measured, compared, and described. But utility is an immaterial quality, which cannot be definitely appreciated or compared, and has nothing about it to which, for the purposes of general appreciation, a measure can be applied. It is even worse than value. The affirmation of value is determinate; because we have always objects of comparison of definite appreciation. We say that an article is precisely of the value of so many pieces of coin; for, in fact, precisely so many, and no more, may be had for it. But we cannot say the same of utility: we cannot affirm that an article has precisely the same utility as another article, except it be identical with itself; much less can we state the exact fractional parts of another article to which its utility may be equal. Neither is utility always susceptible of comparison. In similar objects, utility may be compared; thus we may compare the utility of bread with that of meat; or one sort of clothing with another sort. But in dissimilar objects this is impossible. How can the usefulness of a tool be compared with that of a garment? and how is it to be determined that the one is more useful than the other? There are no tangible points of comparison between them. Utility is a quality which is for ever varying; not by a change in the article itself, but by a change in other things. As therefore it has reference to the state and qualities of other objects, utility can only be employed as the standard of estimation by bringing these other objects into account. Without this, it expresses nothing

But enough has been said to show that value in use, or utility, is not the quality on which the estimate of the products of national industry must be made. We proceed to notice the suitability for that purpose of the quality of *real value* in objects, or *cost in human agency*.

Since the market value of objects of wealth is necessarily subject to continual fluctuations, and cannot, from its nature, afford an invariable standard of valuation, this invariable standard has been sought for from labour; and a given quantity of labour has been said to present a universal and invariable standard, by which every object of wealth may be accurately estimated and compared.

Human labour has been said to be the original purchase-money that is given for every thing.* But this expression cannot be admitted as an axiom universally true, and upon which reasonings may be founded. It is true only in a qualified sense; for it is not every thing which man possesses, that has been originally acquired at the expense of his labour. He received the world with all its treasures and its natural powers as a gift from his Creator; and for this he gave neither labour nor any thing else in return. As proprietor of the creation, then, man has other things besides labour, wherewith to pay the purchase-money of objects; and in the exchanges which take place between different individuals, or the purchase of things by one man of another, portions of this creation and the use of portions of its natural powers are continually given and accepted in payment. But beyond this use and these portions of the creation, in the unimproved state in which they came from the hands of God, man has nothing but labour, either already exerted and embodied in wrought goods in a tangible form, or to be exerted at command, to give.

A slight consideration will suffice to convince us, that no standard measure to estimate articles can be found in labour; and that, of all things, it is least entitled to be esteemed as invariable in its value. In some countries labour is habitually far more unremitting and severe than in other countries, while its average productiveness is still more unequal. Labour is of different kinds. There is labour which is esteemed honourable,

* Adam Smith

and labour which is considered disreputable. There is hard labour, and easy labour; labour of the nature of pleasant and healthful exercise, and labour of an offensive kind, attended with danger, or destructive of health. How then shall we compare the agency of a person engaged in one occupation, with that of another engaged in an occupation of another character, and state the difference between them in intelligible terms? The time expended describes nothing; since it must be of very unequal worth in different individuals, and in the same individual at different times; consequently yielding different results and entitled to different rates of wages, according to the skill and industry exerted. An hour's labour of one man may, at the same time and place, be worth more than a year's labour of another man. The wages of labour, it is evident, are in a constant state of fluctuation, according as the demand for labour varies from time to time. Labourers are more in request, and their wages, consequently, higher in summer, than in winter. They are very different in different countries. In Bengal, it is said, that a given quantity of silver will command six or eight times more labour than in England. Again, wages are different even in the same country; they are higher in the cities and towns than in the villages and country places: they vary even in parishes adjoining to each other, though no perceptible difference exists in the real results of the labour.

In every commodity there is some portion of raw material, which was originally given to man, and not created by labour; and the quantity and value of this material is different in different commodities. Besides, the agency of nature, of many kinds of which man is proprietor, is essential to all production; and the degree or manner in which this agency has been exerted, materially affects the qualities of the product. Again, the result of the agency of nature will most essentially depend on the knowledge of the laws on which it operates that is possessed by the labourer who directs the process, and whose agency is to be estimated. For example, in civilized life, the productive properties of the soil are, by skilful and intelligent husbandmen, directed to the growth of corn, fruits, and vegetables, highly useful and agreeable to man; but amongst savage nations, these

productive properties are either suffered to waste and exhaust themselves in useless and noxious vegetation, or are directed to the growth of what is of much inferior utility. The agency of nature cannot be omitted, and accounted of no value, in the computation of the products of industry, when their qualities so entirely depend upon that agency. Different quantities of labour, too, are required in different instances to put in action the same powers of nature. A poor soil calls for more labour to raise the same quantity of produce than a rich one. If the labour expended is to form the criterion of products, it follows that the corn which is grown on the most fertile soils, and which probably is of the best quality, must be accounted of inferior value to that which is raised on the poor soils at a greater expense of labour, and which in all probability is of inferior quality. Again, when the soil becomes less productive, and more labour must be bestowed to raise produce, it will be said that its real value is increased, when, in fact, the quantity and goodness of the produce is no greater than before. On the other hand, if, in the progress of knowledge, agricultural, manufacturing, and mechanical skill increase, the effectiveness of labour, and the quantity and quality of the products it creates, will be continually increasing, and may be indefinitely augmented, while the quantity of labour expended in their production continuing the same, the estimate of *real value* can give no intimation that any such change has taken place. How, then, while its products are increasing, and every other fact disproves the position, can so monstrous an assertion be sustained, that labour is of invariable value?

Again, the employment of capital is, in most instances, indispensable to the successful prosecution of the labours of industry; and, in all, its products are augmented and improved by such employment. The quantity of capital then which has been employed, and which otherwise might have found profitable occupation elsewhere, is an essential ingredient in an estimate of cost. The time which has elapsed, during which it might have rendered assistance to industry in other ways, and the advantage of which has been foregone for the sake of the product, cannot therefore be omitted in the computation of cost.

It is plain then, since human agency is not the only thing requisite to the formation of the products of industry, that the quantity of labour expended, if it were itself of uniform value, and could be accurately computed, and definitely stated, can express nothing. Without a statement of the amount of raw material consumed, and the quantity of capital employed, with the time it has been occupied, and unless the agency of nature be taken into account, no expression can be given of the circumstances that have been brought into operation in the formation of the product.

But of what use, it may be asked, would be such an estimate? To exhibit the *expenditure* which has been made on any article, will give but a very imperfect description of it. It will show none of its qualities; and these qualities are the things necessary to be known. Let its cost be ever so well ascertained, the product after all may be of no use, may exist in excess of quantity beyond the use we have for it, or be ill adapted to our wants. In short, the expenditure it has occasioned can only properly be judged of by its result in the article itself that is yielded, whether that expenditure has been well or ill bestowed; which brings us at last to the estimation of products by their actually subsisting qualities, and not alone by the expenditure incurred in their production or acquisition.

Again, if in the division of the produce of industry between the respective parties contributing to its acquisition—the landlords, capitalists, and labourers—the share of that produce which goes to any one of these be changed, and become either greater or less, the share which remains to labour will be different; and the quantity of the necessaries of life, which a day's labour will command, will be increased or diminished. In the progress of society, the natural results are a higher efficiency of labour, a rise of rents, a diminution of profits, and a larger reward of labour. Yet when products are estimated by their cost in labour, this estimate will indicate no such changes, and the condition of the working classes may be improved to an indefinite extent, without its showing in the slightest degree any such improvement.

In conclusion. Since the qualities of exchangeable value, utility, cost in human agency, which have hitherto been used to

form the estimate of national wealth, and to indicate by their increase or diminution the consequences, whether beneficial or prejudicial, resulting to the community from measures affecting national industry, cannot with certainty indicate these consequences, and therefore cannot be relied on in economical reasonings, we return to the inquiry, by what means these consequences are to be made apparent.

It is not necessary to form an estimate of the whole value, utility, or cost, of all the property or products of the industry of the community in existence, or created in a given time: a work of no small difficulty, and of no small uncertainty as to the accuracy of the result. Excepting value, utility, and cost, there is no quality universally applicable to all these objects or products, and by which an estimate expressed in a single term might be formed. They cannot be estimated by a measure of length, of weight, or of bulk; for they are not all susceptible of admeasurement or comparison in the same way; and some which minister to the faculties of sight, smell, and hearing, are so far immaterial in their nature as not to be capable of admeasurement by material qualities or instruments. Again, the wants and wishes of men, to which they are to minister, and which are affections of mind, must be taken into account, and their extent and intensity looked to; whereas, no material qualities, and, indeed, no qualities whatever strictly belonging to the objects themselves, can express their suitability to the satisfaction of these wants and wishes, or the degree in which they do satisfy them. The end of all exertion is gratification; and the only exact expression of the degree in which exertion succeeds or fails in its intended object is the degree of gratification it procures. This gratification, if it were susceptible of being exhibited in definite terms, would be computed in this way;—on one hand, the pleasure arising from the possession of the object which labour has procured; on the other, the pain of its acquisition: the difference between these two would exhibit the *net* pleasure or pain accruing from the exertion of labour, and be the expression of the benefit or loss. Such an expression would be universal, and applicable to every exertion of labour; and, in fact, there is nothing short of this that can serve for

a universal expression. But, unfortunately, both this pleasure and this pain are each incapable of definite estimation: they must be different in different individuals, depending on their respective tastes, inclinations, and wants, and can be appreciated only by the person himself who experiences them. Bad, however, as an estimate of the result of labour formed on these grounds must seem, there does not appear to be any other mode by which an exact estimate can be had, and which can be safely relied on as a universal expression, and without danger of being thereby led into error.

From the impracticability, then, of forming an estimate on such grounds, we are led to look for an indication of the consequences of measures affecting national industry in another way. We know that a saving or easing of labour is, unquestionably, a positive good. We know, likewise, that the grand object of an examination of the laws of social industry must be to facilitate and abridge the labour of the community; and thus, by lessening the difficulty of the acquisition of the products which industry creates for the satisfaction of our wants and wishes, to give the means of obtaining them in larger quantity, and of better quality. Now, in every instance in which the labour of the community is facilitated and abridged, the fact is evident by the observation of the circumstances immediately connected with it, and without reference to those which are more distant. We do not the less value the services to humanity at large, and the riches to our country in particular, which the improvements in the cotton manufacture have conferred, because we are unable to make a definite appreciation of their amount. As every saving or easing of labour must be beneficial, so likewise must, what is equivalent to it, an increase in the quantity or an improvement in the quality of the products of industry effected without additional labour. Whilst, on the other hand, every thing which diminishes the quantity or quality of the products of labour, or increases either the toil or the privation of the people, must, plainly, be to their injury.

No certain conclusion can be drawn from a computation of the national revenue; that is, the sum of the separate revenues of the several individuals of a nation, or the whole products

arising from the land, capital, and labour of a people during a given time, as for example, a year. There are many difficulties that would attend the forming of such an estimate, in consequence of which no reliance could be placed on its accuracy, nor any thing certain inferred from the observation of an increase or diminution of the amount, as to whether the nation has become by so much the richer or poorer during the period observed.

In the first place, some of the products of industry are not of a lasting or substantial kind, so as to be capable of estimation; as, for instance, the services performed by domestic servants. If we attempt to estimate these by the money wages that are paid for them, this will often fall considerably short of their actual expense; for this expense consists sometimes in their food, clothing, and lodging, as well as their money wages.

Secondly, while these services ought to be accounted part of the revenue of the individual to whom they are rendered, as their payment, unquestionably, forms part of his expense, and while their amount is incapable of estimation except by their expense, there are a multitude of instances in which precisely similar services are rendered for which no payment is made, and which, as they form no part of a man's expense, are left entirely out of a computation both of his revenue and of his expenditure. All the services that a man either performs for himself, or which are performed for him by the members of his own family, as they are not paid for, are left out of the estimate of his expense. In industrious families, the wife and children perform those household duties that, amongst the superior ranks, are performed by domestic servants. Sometimes there is no wife or child, and some one must be hired and paid to do that work which the wife or child, if there were either, would do. The wife and children receive no specific payment, while the hired servant does. But the duties performed in both instances constitute part of the immaterial products of industry, they form part of the supply of the family, and as much so in one case as in the other; although in one, their payment forms an apparent item in the family expenditure, which it does not in the other.

Thirdly, there are also instances in which objects of material

wealth that are susceptible of definite appreciation, are acquired and consumed without ever appearing in the market, and without any payment being made for them. In the same way that an individual sometimes performs household duties for himself, so likewise does he often consume or retain for use the material products of the industry of himself and family. When he cultivates his garden and consumes its produce at home, or works up wrought goods and retains them for domestic use, these products of industry are left out of the computation of his revenue, and the cost of their acquisition left out of that of his expense. In this way, the apparent revenue of an individual often falls much short of that real revenue which it would be necessary to look to, in an exact computation of all the products of national industry.

Fourthly, property of different kinds is, in some instances, let out by its owner for a rent or hire, and, in others, is retained by him for his own use or occupation. A nobleman or gentleman lets his farms to tenants, but retains the mansion, with its park, and grounds, in his own possession. The rent of the farms only is taken to constitute his revenue, while the mansion is left out. But, in estimating the national revenue, we ought to take, not only the rent of that property which is let, but the value of the rent or hire of that which is not let. There are many different kinds of property that are let to hire; as furniture, horses, carriages. If we take the hire as constituting the revenue of an individual when these are let, we ought, in computing the amount of national revenue, to estimate the value of the use or hire of all that is not let; which would lead the computation much further than might at first be thought requisite. Thus it is evident, that the sum of the separate monied revenues of the individuals of a nation cannot give a correct estimate of the whole national revenue.

Lastly, however exactly all the various circumstances might be computed which ought to be comprised in an estimate of national revenue, this estimate must, after all, proceed on the quality of *value*, and all the imperfections already noticed as belonging to an estimate of value must attach to it.

BOOK I.

CHAPTER I.

ON THE SOURCE WHENCE THE PRODUCTS OF INDUSTRY ARE DERIVED, AND THE INSTRUMENTS BY WHICH THEY ARE ACQUIRED.

In the language used by political economists, the original acquisition of the necessaries, conveniences, and superfluities of life is expressed by the term *production;* and the instruments and operations by which that acquisition is effected are called *productive*. The common signification of the term production might lead to the expectation that its operations were restricted to those by which things are *produced;* such as the labours of agriculture or of pasturage. But this is not the case. The term is used to comprise, besides these, all the various operations performed in the acquisition of wealth; whether appropriative, manufacturing, or commercial. Thus hunting, fishing, and mining, are termed *productive* occupations; though neither the game, the fish, nor the minerals are really *produced*, but only *acquired* thereby. So likewise are the manipulations by which raw materials are wrought into finished goods; as well as those operations which seem less appropriately expressed by the term, and which consist in nothing but buying and selling articles already produced or acquired, collecting them in the places where they are produced or acquired, conveying them to the places where they are in request, holding them in store until wanted, and vending them in proper quantities and at proper times to the parties who require them.

The original acquisition of the necessaries and conveniences

of life is effected by labour, and the source from which labour draws these things is nature.

It is only through the intervention of labour that our subsistence can be procured, and those objects acquired which gratify our desires. This "catholic law" of animated nature, as it has been called, has prevailed in every nation, and been observed in every state of society. "By the sweat of thy brow shalt thou eat bread," has been uttered in language intelligible to every people. It applies not only to all our race, but to almost every article by which our wants and wishes are supplied and gratified. "Though the woods abound with fruits, with vegetable productions, and with game; though the waters abound with fish, and the bowels of the earth with minerals; the fruits and vegetables must be gathered before they can be of use to us, the game and the fish must be caught, the earth opened, and the metal separated from the ore and prepared, before it can be used."* The fruits, the vegetables, the game, and the fish, are procurable only at certain times or seasons of the year; and it is therefore necessary that they be preserved, and a store formed to supply us in those seasons when they are not otherwise to be had. Besides, almost all the productions of nature are presented to us in a rude state, and if it were not for the application of labour to the preparation of them, they would be without utility, while the supply of our wants would be limited to that scanty measure of necessaries which nature presents in a state fit for immediate consumption. This exertion, too, is unremitting. The means of subsistence are always of a perishable nature, and cannot be long anticipated or greatly accumulated, and man can live only so long as he continues to labour. The continued exertion of labour is necessary even in the most fer tile soils, and in the most favoured climates. Either from the prolific qualities of those plants and animals which are useless or noxious to man, or from the intervention of deep swamps, impenetrable forests, and the like, even such soils present only the barrenness of the desert, and mostly require persevering labour before they become highly productive. The objects that minister to the wants and wishes of the inhabitants

* Col. Torrens.

of a country may not indeed be all the *immediate produce* of its national industry, but they must all be, either such, or commodities which have been purchased with that produce from other nations.

But though all men are supported by labour, yet it is not all that are supported in the produce of their own *personal* labour. Some are privileged to do by proxy what the rest are obliged to do personally. They have perhaps acquired exclusive possession of the soil, and, instead of living on the produce of their own labour, they live idly on a share of the fruits which other men's labour draws from the land that they let out to them for hire. Others again there are who possess useful objects, which either their own labour at some previous time, or that of their ancestors, has created and accumulated; and they are supported on what other men voluntarily give them as hire for the advantage of the use of these objects. Thus, excepting the rent of land, and excepting fraud, violence, or eleemosynary sources of subsistence, all are supported on the produce of the labour which is exerted from day to day, or from season to season, either by themselves, or vicariously for them by others, or on that which previous labour has created and accumulated.

The denunciation, "By the sweat of thy brow shalt thou eat bread," is not to be looked upon as a curse, but as a law of benevolence. The necessity for exertion, though it falls on the human race in a more onerous measure than on most other animated beings, is yet tempered with mercy, and freighted with richer blessings. This necessity has impelled man to cultivate and improve his powers, whereby he does not merely exist in a stationary condition, but has attained to a supremacy over creation, and has risen higher in intellect than in station; enlarging his abundance, securing his health, and administering to his enjoyments. It is not only the preceptor of the intellect, but the guardian of the morals of the human race. "As the wise God," says Lord Hale, "hath put all things in motion and action, the heavenly bodies, the elementary natures, the meteors, the animals; so it is his wisdom to preserve man also in that bodily as well as mental motion, and by a kind of necessity drive him from sloth and idleness: if he will live, he must eat;

and if he will eat, he must labour."* The denunciation, too, if it were a curse, contains in it also a promise, "shalt thou eat;" a promise which has been fulfilled in all ages and countries, and whence we confidently trust that it will be fulfilled to the end of time. This promise ought to cheer the labourer, in the endurance of his toil, from the consoling prospect which it holds out, that he will never be abandoned by his Maker. Believing in His constant sufficiency to sustain all his animated creatures, we trust that he will always continue to be supplied with everything which is essential to him: a trust which comes home with stronger assurance to the heart, inasmuch as we find the promise fulfilled in a richer measure as man becomes better acquainted with the Giver, and His operations in nature, and conforms more strictly to His will.

While, however, the condition of man is such that nothing can be had to supply his wants without labour, yet labour is not itself sufficient for that purpose; since it cannot in general be exercised at all, unless there be something to which it may be applied, or on which it may be bestowed. There must be some land to be cultivated; some hunting or fishing grounds, where game or fish are to be found; or some raw material to be fashioned for use. Without one or more of these, it would be impossible to advance a single step towards the acquisition of the objects of our wants. The air, the waters, the exterior soil, and the bowels of the earth, afford us food, fuel, and the materials of clothing and of building; and they abound with materials of all sorts which may be adapted to our use. It is these original gifts of nature that form the subjects on which labour is bestowed.

Again, labour is of such a nature that it can create nothing; and unless it were operated with by the creative agency of nature —its productive motions or operations; the laws of attraction, repulsion, cohesion, expansion, contraction, gravity, and the like; "the process performed by the soil, the air, the rain, and the sun"—wherein mankind bears no part, his labour would be altogether fruitless and without effect. Man contributes to the productive operation that alone which is in his power to

* Origination of Mankind, p. 371.

contribute—motion. He can, in fact, do nothing more than this. "He can move things towards one another, and he can separate them from one another: the properties of matter perform all the rest. He moves ignited iron to a portion of gunpowder, and an explosion takes place. He moves the seed to the ground, and vegetation commences. He separates the plant from the ground, and vegetation ceases. Why, or how, these effects take place, he is ignorant. He has only ascertained by experience, that if he perform such and such motions, such and such effects will follow. In strictness of speech, it is matter itself which produces the effect. All that man can do is to place the objects of nature in a certain position. The tailor when he makes a coat, the farmer when he produces corn, do the same things exactly. Each makes motions; and the properties of matter do the rest."* Human agency can create nothing: the mass of matter of which this globe consists does not appear susceptible of increase or diminution. "All the operations of nature and of art are reducible to, and really consist of, transmutations,—of change of form and place." Man can only act in conjunction with Nature. He can select, appropriate, and preserve, the spontaneous productions which she presents to his hand. He can combine, and change, or modify, the arrangement or forms of the rude materials thus presented to him, so as to adapt them to his use. The mode, the adaptation to our use, the change of form and place, we can give. We can re-produce existing materials under other forms; we can direct and regulate the creative agency of nature, prevent its powers from being wasted in the production of things noxious or useless to man; and direct them to the production of such as are desirable to him. But the creation of matter is not only beyond our power, but above our comprehension. It is the Author of nature alone that can create.

Production, then, is not the creation of new matter, but it is human agency, combining with the ever-acting operations of nature, in the production of *new forms* of matter, suited to the wants and desires of man. It is in this sense, that production must be understood in political economy.

* Polit. Econ. by Jas. Mill, Esq. p. 6.

Once more, not only is man unable to create new matter, but he is equally unable to create force, or cause motion, beyond that limited measure of them, which the feeble power of his limbs enables him to exert. Yet, notwithstanding this, man has rendered submissive to his service animals of incomparably greater strength than his own, besides the natural agents of fire, wind, water, and steam, of tremendous force. But though these are trained by man to the performance of the gigantic labours he requires of them, yet they have been formed by other hands than his, and he can contribute nothing to their force. He merely seizes on the reins, if they may be so called, by which the exertion of their power is guided, and, by an inconsiderable effort of his own, turns them in the direction in which that force may be exerted to suit the purposes he has in view. In proportion as he thus brings nature under subjection to his will, and renders her his servant or fellow-labourer, he is enabled to dispense with his own personal exertion, and throw on her the severer portion of the task. And while he reaps all the advantage of her service, he pays nothing for it, hardly yielding even gratitude to his benefactress, in return for her share of the toil.

Lastly, the labour of the workman would be very inefficient were he not furnished with the proper tools, implements, machines, and utensils of the particular art or labour in which he occupies himself; and unless he had in store a supply of the necessaries of subsistence—food, clothing, and lodging—to support him while he is engaged in labour. These, which are the accumulated produce of previous labours, are denominated capital.

The things, then, that are essential to the acquisition of the objects of our wants and wishes are, labour assisted by capital, in conjunction with the earth, the air, the waters; and these operating together with the productive agency of nature, its creative and generative powers, and the physical laws of the universe. The exertion of these powers, and the supply of all the materials that are requisite, are the gratuitous contribution which nature furnishes to our wants, which we can neither increase nor diminish, but merely turn to our use, and direct those

powers into that course which we find most conducive to the attainment of our purposes. Nature furnishes her materials and her agency with a liberal hand, demanding no equivalent in return. In the abundance of her gifts, there is nothing which man in reason can desire that is not by persevering industry to be obtained. To us it remains to exert this industry in the various methods in which the objects that contribute to the satisfaction of our wants and wishes are to be attained. Such are the sources of our supply, and the instruments by which that supply is acquired.

The employment of the several instruments of production—labour in conjunction with capital, or with capital and land, is expressed by the term *industry*. There is therefore a distinction between the import of the terms *production* and *industry;* the former signifying the acquisition or formation of the products of labour, and the latter the means employed to effect such formation.

CHAPTER II.

OF THE CIRCUMSTANCES WHICH CONDUCE TO THE EFFECTIVENESS OF NATIONAL INDUSTRY, AND THE PROGRESS OF OPULENCE.

THE productive exertions of a nation will be more or less successful in procuring an abundant and excellent supply of the necessaries and superfluities of life, and its labours in this supply will be rendered light or toilsome, according to circumstances of two kinds; one of which is beyond human control, and the other within it.

Those circumstances that are beyond the control of man are—natural and original fertility of soil, excellence of climate, abundance and variety of those original productions of nature which are most useful and desirable to him; the advantages of situation, as regards vicinity to other countries which abound in such productions, and natural facilities of domestic or

foreign communication. Such favourable condition of things must lighten the labours of the people in some countries, and render their productive energies more successful than in other countries not possessed of the same advantages; and this wholly irrespective of their own exertions. But since these circumstances lie beyond human control it is unnecessary to do more than allude to them here.

The other class of circumstances which form the subject of our inquiries, since they lie within the control of mankind, may be thus enumerated;—the knowledge possessed by the people of the laws of nature, and the consequent skill and judgment with which they apply their labour; the quantity of labour called into exertion; the improved fruitfulness of the soil; the quantity of capital employed in aid of labour; the extent to which the separation of employments is carried; the freedom allowed to the exertions of industry; the freedom and facility with which commodities may be exchanged one for another, both through the internal and external commerce of the country. The quantity of labour exerted depends in part on the employment that can be procured by the workman, and on the measure in which occasional gluts of particular commodities and kinds of labour can be averted. The exchange of commodities and labour is facilitated by the use of a circulating medium, the establishment of a post, the construction of roads, canals, and other facilities of communication. Again, the distribution of property, and the degree of density of population, have decided effects on the exertions of industry. Such are the circumstances that mainly contribute to the riches of a nation, and by an augmentation or diminution of which its supply of the necessaries and conveniences of life is rendered greater or less in quantity, quality, and adaptation to its wants, while the labours of its people will be in like measure rendered easy or toilsome. Thus all these circumstances form either the immediate subject of our inquiries, or are collaterally connected with them.

Looking to the history of the world, we cannot fail to observe, that the progress of nations in civilization and opulence has resulted less from the favourableness of the natural circumstances in which they have been placed, than from their

own exertions. Countries with equal natural capabilities have made very different degrees of progress, and often those that had to contend against the greatest difficulties, have outstripped in their career others possessed of great original advantages. Of those which seem to have possessed the fewest natural advantages, we may notice Tyre, Athens, Rhodes, Genoa, Venice, Holland. Some of these are striking examples of this position. From such instances it has been often concluded, with what justice however we shall not now inquire, that some imperious necessities, or some natural disadvantages, are even favourable to industry, by stimulating it to exertions which it would not otherwise undertake—thereby strengthening its powers.

Amongst the primary and original causes through which these successful results have been obtained, those that are of a political and moral character hold a prominent place. The laws according to which riches and poverty, suffering and enjoyment, are dispensed amongst mankind, have been framed by the great Author of our being with the same regard to our happiness, and in their ultimate consequences operate with the same uniform certainty, as the laws which govern the material universe. All the causes that render any source of wealth fruitful originate in wisdom or virtue, while all the causes which diminish its productiveness originate in vice or folly—in a course of conduct of which our higher faculties disapprove. Amongst the causes of a political character which conduce to the opulence of nations, may be mentioned, the institution of private property in lands and goods, in place of a community more or less restricted in their possession; the character of the government, the wisdom and rectitude of its public measures; the freedom and security of person, and property of the people, resulting from just and equal laws, with an efficient administration of them. These contribute largely to the advancement of nations in wealth and refinement. Nor does this advancement less depend on the character of the people, on the prevalence of general rectitude of principle, and those intellectual and moral acquirements, with those habits of industry, persevering application, enterprise, and prudence, on which the success in life of

individuals depends. That private probity tends to public opulence, and, on the other hand, that private profligacy leads to national poverty, is sufficiently obvious. As much as men are exposed to danger and loss from the dishonesty of their fellow-subjects, by so much must their attention be called off, and their exertions hindered or frustrated in the direct creation of wealth; while, when not so exposed, all their thoughts and energies may be uninterruptedly devoted to this one object. It is not, however, intended to enter at large into these causes of a political and moral character that influence public wealth or poverty, but to confine our observations to those more proximate causes from which that wealth results.

But whatever be the magnitude or excellence of the gross amount of the supply of a nation, the condition of its industrious population will, besides this, depend on the number of persons with whom they have to share this supply; or the number of persons occupied in adding to its wealth or comforts, in proportion to the number of those who are not so occupied, but must be subsisted by the exertions of those who are. The idle as well as the industrious are equally maintained on the produce of the industry of those who work. Every idle person who does little or nothing towards his own maintenance, but lives on the fruits of the labour of others, and every person who is employed in doing what might as well be left undone, and whose labour, consequently, produces nothing affording real gratification to any one, in return for the sacrifices made for his support, or affords a less gratification than the privation which this sacrifice occasions; every such person abstracts both from individual and from public wealth. It is true, the relations of kindred and of social life frequently take off the irksomeness of labour for relatives and friends to whom we are bound by such ties. But, in other cases, the circumstances of the people must be lowered precisely according to the burthen they have to bear, in the number of persons who add nothing to the common stock, but with whom the produce of labour must be shared. The public opulence then depends, not only on the skill, industry, capital, and freedom of exertion of those who labour, but also on the relative

number of those with whom they are to share the produce of labour.

In tracing the proximate causes which practically influence the effectiveness of national industry and the progress of opulence, we shall treat in detail on the different subjects before enumerated; beginning with skill and knowledge.

CHAPTER III.

ON THE INFLUENCE OF SCIENCE AND SKILL.

It has often been the subject of remark, that man is distinguished from the other animals by which he is surrounded, not less by the helplessness and destitution of his original and natural condition, than by his utter ignorance, when first brought into the world, of the means by which his wants may be supplied: destined to rise incomparably higher than they, he has to begin his career under circumstances even below them. "No other animal passes so large a portion of its existence in a state of absolute helplessness, or falls in old age into such protracted and lamentable imbecility. To no other warm-blooded animal has nature denied that indispensable covering, without which the vicissitudes of a temperate and the rigour of a cold climate are equally insupportable; and to scarcely any has she been so sparing in external weapons, whether for attack or defence. Destitute alike of speed to avoid, and of arms to repel, the aggressions of his voracious foes; tenderly susceptible of atmospheric influences, and unfitted for the coarse aliments which the earth affords spontaneously during at least two-thirds of the year, even in temperate climates,—man, if abandoned to mere instinct, would be of all creatures most destitute and miserable." * The brute creation is furnished with instincts sufficient to answer every essential purpose, and direct

* Sir W. F. J. Herschel.

them in acquiring a provision for all their wants, whether of sustenance or security; but the intellectual faculties of man must be cultivated before they can serve to any useful purpose: his ingenuity, foresight, and perseverance must be excited and exercised. "If the food of the inferior animals is placed by the Supreme Donor at some distance, as it were, from them, so that one part of them must seek, and the other pursue it,—that of man is still more remote from him, and bestowed upon conditions more strict and multiplied; hence the exercise not merely of his bodily powers, but of his mental faculties, is rendered necessary to his very existence; nor can the terms be evaded. Every element that furnishes his food imposes seeming obstacles in the way of his obtaining it. He cannot pursue his prey into the air, or through the waters; while, on his native earth, the beasts of the chase are either too fleet for him to overtake, or too powerful for him to contend with single and unaided." *

Living in a world subject to laws that are in constant and unchanging operation, to which we are completely subjected, as to an absolute despotism, which we can neither resist nor escape from, it is manifestly of the highest importance to acquire as intimate and extensive an acquaintance with these laws as possible. Some knowledge of the qualities of the things around us, of the good or bad purposes to which they are applicable, and some acquaintance with the order and succession of events, which we call cause and effect, are obviously essential to the supply of our necessities, our preservation from injury, and the continuance of our very existence. Without this, the exertion of labour would be nothing more than the application of brute force to no useful result; and though surrounded with the rude materials suited to furnish the most abundant and admirable supply of our wants, we should be, not merely sunk in poverty, but in danger every moment of destruction. It is this natural weakness of man, coupled with the necessity of exerting his bodily and mental faculties, which leads to that association which constitutes the rudiments of civil society, and by which all his powers become developed and enlarged.

* Sadler on Population, vol. i. p. 119.

As it is in his intellectual faculties that man is distinguished above the brutes, so both amongst nations and individuals it is by the extent of the improvement of these faculties that they are chiefly distinguished one above another. It is this that marks the great distinction between an Englishman and a savage; and it is this too that chiefly points out the less striking differences which subsist between the various nations that occupy gradations between these two extremes. Throughout the world there are no very striking inequalities in the muscular force of mankind; and yet in one country man is found naked and destitute, and in another, all the rude productions of the earth, and all the forces of nature, are made to contribute to his comfort and augment his power. In the advance of civilization and the arts, brute force gives place to mental power. In the earlier periods of society, men of gigantic stature, or of irresistible personal strength, were the heroes and princes of the earth. But no such qualities are found in the great captains and conquerors of modern times. The same change takes place in the arts, and it is through the skilful application of labour, infinitely more than by bodily strength or persevering industry, that successful results are obtained. It is not by strength of body, but of mind, that man reigns the undisputed lord of the creation. It is the powers of his mind, and the contrivances to obviate his want of strength which his art has brought to his aid, that have enabled him to overcome the strongest and fiercest animals, and command the subjection to his service of some of the most powerful of their tribes. And not only so, but to force into his service even the very elements of nature—the winds, the waters, and the flames—to perform his daily mechanical operations; and thus to ward off the curse of perpetual labour on his race.

To the cultivation of the intellectual faculties, the discoveries of science, and their application to the purposes of industry, we owe all the advantages enjoyed in civilized life, and the wonderful perfection to which every branch of the industrial arts has attained. By these arts which man has invented, he is enabled out of the commonest and rudest materials to elaborate articles of the most exquisite beauty. By these he is enabled to clothe

and shelter himself from the rigours of climate, to brave the severity and fury of the elements, to counteract their influence, to produce around him continual light and warmth, and enrich himself with all the treasures of nature. It is by these, again, that he is enabled fearlessly to embark on the ocean, and traverse its pathless and boundless expanse; to possess himself of all the choicest and most varied productions of nature and art dispersed in every country. It is through these, too, that he explores regions he has never seen, and extends his researches and his knowledge even beyond the limits of the globe he inhabits. Not satisfied with all the spoils of nature which he gathers from the earth, the ocean, and the air, he examines the heavenly bodies, computes their influences, their motions, and their times; aspires to grasp the universe within his ken, and render other worlds tributary to his service. The universe is governed by the Universal Mind; and it is by the faculty of mind that man exhibits the likeness of Deity, and approaches, though at an immeasurable distance, to his power in the narrow sphere to which human dominion over this lower creation extends. As it is through the powers of his mind that man has arrived at his present height of civilization and opulence, so it is on the further cultivation and improvement of those powers that he must still depend for every step of his further advancement; both in command over the works of nature, and in the enjoyment which that command is calculated to yield.

To place this subject in a stronger light, let us but reflect on what would now have been the state of the world had we never possessed, or having possessed, had we lost, the sciences, mathematical and mental, physical and moral. To know what in such case would have been the condition of mankind, we need only to look to those countries and ages in which man has been exhibited without them. In these countries, he has uniformly been found in his lowest and most humiliating state of degradation; and such would still have been his condition throughout the world without them. Without the head that guides the hand that executes, the practical arts, if even they had once been known, must subsequently have been forgotten: much more, if they had never been known, would it have been im-

possible to discover them; and man, deprived of these arts and destitute of instinct, must have been in some respects in an inferior condition to the brute creation. Without that efficiency in the powers of labour, and that perfection of the arts which science has conferred; without that opulence and leisure which is thereby procured, and without that peculiar and single direction of inquiry into the separate branches of science which they allow, neither the investigations of natural religion could ever have been pursued, nor the discoveries, the precepts, and promises of revealed religion ever have been spread from country to country, and been handed down in an unbroken chain of evidence from age to age: they would have been lost in the age in which they were given, and could never have descended to our times. Accordingly we find, in the infancy of mankind, that the knowledge of the true religion, once possessed in its amplest and widest measure, became gradually lost in every country, except where the miraculous interposition of Providence was extended to preserve it. Nor did this miraculous interposition cease until the sciences and arts had become sufficiently matured, to give to mankind the means of securing its safety and insuring its diffusion independently of such interposition.

A knowledge of the laws of nature, is of importance to mankind in each of these points of view:—

"I. In showing us how to avoid attempting impossibilities.

"II. In securing us from important mistakes in attempting what is, in itself, possible, by means either inadequate, or actually opposed, to the end in view.

"III. In enabling us to accomplish our ends in the easiest, shortest, most economical, and most effectual manner.

"IV. In inducing us to attempt, and enabling us to accomplish, objects which, but for such knowledge, we should never have thought of undertaking."*

The closest union subsists between the arts of life and the sciences, as well abstract as physical. The progress of one art or science is intimately connected with and dependent on the

* Discourse on the Study of Natural Philosophy, by Sir J. F. W. Herschel, p. 44.

progress of others. In fact, they are all so closely related that they mutually assist each other; and no considerable advancement can take place in one, without eventually contributing to the improvement of others. The abstract and apparently barren science of mathematics; the examination of the properties and relationships of numbers, of curves and angles, has contributed, in a most distinguished manner, to the advancement of every other science, and of every art; while it promises even more than it has yet accomplished. In conjunction with astronomy, it has almost created navigation and the commercial intercourse of nations. On the other hand, navigation, commerce, and the intercourse of nations, have aided astronomy and the mathematics. The mechanical arts have benefited the scientific; while the scientific in return have aided the mechanical. The motions of the heavenly bodies could not have been accurately observed, nor the theory of gravitation discovered, without the art of glass-making. The invention of the telescope enabled Galileo to discover Jupiter's satellites. His observation of their eclipses, and his establishment of the truth of the Copernican system of the universe, led him to the method of computing the longitude. These again led Columbus to the accident by which he stumbled on the discovery of the New World. The benefits which the arts have derived from chemical science, are, in a most conspicuous degree, universal: this branch of science is closely allied to almost every human art, as well as to the other branches of science. Mental philosophy is equally fertile in results. The overthrow of false methods of reasoning, and the establishment of the inductive process by Lord Bacon, have completely changed the whole aspect of science, and with it the condition and prospects of the human race. In short, there is no well-ascertained fact in any of the arts or sciences, much more any general principle, which may not contribute to new discoveries and improvements. At first such facts appear isolated and barren, without any useful application. Some of the most important discoveries of science have at first presented the appearance of such barren facts. Nor ought we, in regard to other qualities of the material world, which as yet we hold in light esteem because we know not how to apply them,

to despair of their turning out hereafter to be applicable to highly useful purposes.

To exhibit in its proper light the service which science has rendered to mankind, we ought to examine its history, and connect it with the history of the progress of our species. We must trace the slow and gradual advancement of the race from a few in number, grovelling in poverty and barbarism, to its present populousness, exalted power, opulence, and refinement. Every step of this progress has been caused by the singular skill of man in the discovery of the operations of nature, laying open to view her hidden laws, by his faculties of observation, reflection, experiment, and combination, in the character of philosopher and engineer; by his happy inventions of tools and machines, and by discoveries of improved processes in the arts. In these ways, he has made her laws subservient to his purposes, and subjected her powers to his will.

The vast stock of practical knowledge which we now possess and employ in attaining such fortunate results, has been acquired for us through the labours of the great benefactors of mankind in all ages. These acquisitions of art and skill have been preserved through succeeding generations, and handed down to us, with continual improvements, by tradition or in writing, till they have grown up and accumulated to their present magnitude. The recital of these acquisitions would present enormous difficulties to be overcome, and would detail a series of failures which could only have been eventually surmounted by patient thought, by repeated experiments, and happy exertions of genius. It would be impossible, on the present occasion, to give even such a sketch of the history of these successive acquisitions that have gradually led on the way to excellence, as should do justice to a subject so vast in itself, and having so momentous an influence on the condition of humanity. We can only slightly glance at some of the more striking discoveries of the processes by which labour is effectively applied, the power of man over creation acquired, extended, and strengthened, and his opulence promoted.

Amongst these, the application of fire to the purposes of industry and domestic use, early discovered, and now wholly unnoticed as an invention of man, ought not to be passed

without observation, since it has the most important influence on his condition. The cultivation of the soil, and causing it to produce things useful to him, instead of producing by chance things either useless or of little worth, was a great step in his progress. Another improvement in his condition was effected by the domestication of animals, with the training and subjecting of labouring cattle to his yoke and service—the ox, the ass, the horse, the camel, and other beasts of burthen. The ox and the ass appear to have been trained to labour at a very early period. In Arabia, in the time of Job, we find them so employed. It does not seem that the horse was in general use quite so soon; though, in Egypt, horses are spoken of in the time of the patriarch Jacob. Afterwards came the use of wheel carriages, and the formation of roads. Not less important than these were the art of navigation, and the construction of canals. Amongst the inventions which have mainly contributed to the perfection of navigation, we cannot overlook the telescope, the mariner's compass, chronometers, and the method of computing the longitude. We are indebted to these for America, and the passage to India by the Cape of Good Hope, with almost all the safety and certainty with which vessels are navigated. Amongst the arts, those of metallurgy and glass-making must hold a conspicuous place.

The spinning of yarn, and weaving of cloth, arts the commencement of which is lost in the darkness of the earliest ages, have been perfected in recent times. There is perhaps no one of the industrial arts in which the benefits of the application of modern science, and mechanical skill, are more strikingly displayed than in that of the manufacture of cloth. The spinning of yarn in ancient times was performed by females with the distaff, as it still is in some parts of Eastern Europe. In a Narrative of a Voyage down the Danube, lately published, the author observed females on the banks of that river occupied in spinning with this most ancient instrument, the distaff. In England, however, before the modern improvements had been introduced, this primitive instrument had long since given place to the more efficient one, the one-thread spinning-wheel; which enabled the spinner, with the same labour, to perform double the quantity

of work. The latter was the only instrument in use in this country previous to the reign of George III. In the year 1738, indeed, a spinning machine had been invented by Wyatt, for which he obtained a patent; but through want of funds the manufacture did not succeed, and after having been carried on a few years, was finally abandoned. It was not till about thirty years after this period, that Hargreaves and Arkwright, following closely one upon another, brought forward their respective machines; the former called the water-frame, and the latter the spinning-jenny. These machines, afterwards combined and perfected by Crompton, have now reached that summit of perfection which it seems impossible to surpass. In the distaff and spinning-wheel, the thread was spun singly by hand. But in Crompton's machine, called the mule, a multitude of threads are spun at one and the same time. There have been some machines constructed on this principle, which spin the almost incredible number of 2200 threads, and with no other attendance than one spinner, assisted by a child; while the thread is spun with such evenness, and may be made of such delicacy of fineness, that it would scarcely be possible to spin it by hand.

In the process of bleaching the cloth, the improvement is of the most important kind. In the old method, the cloth was whitened by frequent washings in a weak acid, and by exposure in the fields to the action of the light and air, which occupied a period averaging from six to eight months. The beautiful discovery of chlorine by Scheele, in 1770, with its peculiar property of destroying colour, and whitening substances submitted to its action, was quickly applied by our countrymen to the bleaching of cloth; and now, by means of the chloride of lime, the bleaching is effected in a less number of hours than that of months it formerly occupied; and without passing out of the walls of the factory. If this discovery had not been made, the single process of bleaching all the cotton and linen cloth now manufactured in Great Britain, would have required for the exposure of the cloth a considerable portion of the whole soil of our country.

In printing cloth, again, the invention of printing by cylindri-

cal rollers, in place of the old method of printing-blocks, enables the workman to print one hundred times faster than before. There is perhaps no department of the arts in which the union of chemical and mechanical science is more beautifully displayed in practice, than in the processes of bleaching and printing cloth.

And, lastly, we have the invention of the power-loom. The united effect of these improvements is, that one person, by the aid of these machines, can now do as much work as two hundred could have done fifty years ago. Besides these striking instances of improvement in the manufacture of cotton cloth, there are in the woollen manufacture,—the employment of the fulling-mill for thickening the cloth, instead of treading it in water with the feet; the machinery for combing wool, by which one man and five or six children can do as much as thirty men could effect in the old way; besides a multitude of ingenious machines and inventions too numerous to mention, by means of which the various processes previous to weaving have been so abridged as to enable one person to execute nearly as much work as required the exertions of fifty persons about a century ago.

Amongst the achievements of science in the service of man, we can scarcely rank too highly the employment of the inanimate agents of wind, water, and steam, as moving mechanical powers. Water-mills and wind-mills were either unknown to the ancients or but little used. But they have contributed in a very high degree to the opulence of modern nations. In ancient times, the whole process of grinding corn was for a long time performed by manual labour; which consequently formed a very important and laborious part of household duty. Afterwards corn-mills were driven by cattle. Water seems to have been applied for this purpose in Asia about the time of Mithridates, or earlier. Water-mills were known in Rome in the time of Augustus, but were not common. They had become so in the reign of Justinian. The invention of wind-mills is later than that of water-mills, and its origin is not well known; but wind-mills seem likewise to have been an eastern invention, and to have been brought into Europe about the time of the Crusades. Yet neither wind-mills nor water-mills were in use in England in the beginning of the sixteenth century. At first these

mills were applied solely for grinding corn; but they are now also employed for many other purposes. In the grinding of corn, the expenditure of human labour saved by these mills is, perhaps, twenty-fold, and the whole labour thus dispensed with, is applicable to the production and fabrication of articles of use and convenience.

The discovery of steam as a moving power is well known to be modern, and has been hardly a century in use; while the improved steam engine, whose regularity and steadiness of motion equals the water-wheel, and which has consequently been applied to work all sorts of the most intricate and delicate machinery, may be dated only since about the year 1800. Yet notwithstanding that steam as a moving power is so recent an invention, it is already in use in our own country to an equal or perhaps greater extent than even wind and water, while it obviates the inconveniences which attend the use of both these elements, from the want of motion in the atmosphere, or from interruption of the course of streams by frosts or continued droughts. The power of the steam engines in this country has been estimated as equal to the force of 6,400,000 effective labourers; an effective labourer being equal to rather more than two average labourers; or on the whole, to the work of above 12,000,000 of labourers. This immense power, daily increasing by the construction of additional engines, and applied to more multiplied uses, has already had, and must continue to have, an effect on industry, the magnitude of which it would be difficult, if not impossible, to appreciate.

Gunpowder may also be noticed as an artificial power which man has acquired through his discoveries. As a weapon of offence or defence, it surpasses every other previously known, whether in its employment in warfare, or as affording security from the attacks of ferocious animals. In the chase it is of incomparably greater efficacy in procuring game of all sorts, than the imperfect weapons in use in early times. In the industrial arts, it is employed chiefly for splitting hard rocks, a process which could scarcely be effected by any other means, or only through an immense expenditure of labour, though aided by the best of tools. Amongst other inventions which have had an important in-

fluence on the condition of man may be ranked, the use of coined money, bills of exchange, and paper currency. And last—though perhaps greatest of all the arts by which knowledge is communicated and transmitted,-and the methods by which quantities are expressed and computed—the invention of letters, the arts of writing, paper-making, printing, engraving, and the science of mathematics. It would be absolutely impossible to estimate the magnitude of the consequences which have resulted from these.

There is not one of these acquisitions of knowledge the absence of which would not have exposed mankind, in the present day, to discomfort and disadvantage. But, if we could not now dispense with one of them, how much worse would have been our condition, if none had been made! In such case, we should have remained in a state of want and ignorance, lower than any in which the human species has ever yet been found.

The advantages which knowledge confers on mankind, in heightening the efficiency of labour, and fertilizing the sources of wealth, have a peculiar advantage about them, in which they possess a striking superiority over wealth itself. Knowledge of this kind, when once it has been disclosed to the world, cannot be monopolized by one or by a few individuals or nations to the exclusion of the rest of mankind; but is sure to diffuse itself. It is different as regards wealth. Whatever may be the absolute amount of property in the world, or in the possession of any community, or whatever be the amount of the products which industry from time to time creates; in their distribution amongst the members of such community, the more that one or a few possess or acquire, the less there is left for the rest. A few may monopolize to themselves the larger portion, and, while surrounded with every thing that can pamper their appetites or heighten their splendour, the rest of the people may be pining in want. Though the excessive portion of the few may not be the cause of the poverty of the rest, because the wealth they possess or acquire is the acquisition of their own industry, capital, or land, and would not exist but for them; yet the abundance of these few is of small advantage to the others, and if a portion be gratuitously communicated from the one to the other,

it detracts from the quantity left, and the gratification it might yield to the giver. Not so with the advantages which flow from the increase of knowledge and the improvement of art: these are in their nature diffusive. "What is gained by one is communicable to all." The accumulation of a great fund of information by one individual, has a natural tendency, as it were, to overflow and spread its blessings on those around him. Its communication to others never lessens the store that is left for himself; and so far from the advantages which the possession of this store confers being exclusively monopolized by himself, they tend to the general benefit of all around him. Not only does his country share in the blessings which acquired knowledge confers, but distant nations participate in them. The productions of the industry of Britain have preceded her most enterprising travellers, and have penetrated into countries where even her name is unknown. Knowledge, too, is the peculiar property or patrimony of the poor. As the means of facilitating and increasing the productiveness of labour, it raises the real value of the inheritance of the poor—their powers of labour. To the rich, the owners of capital and land, it is comparatively of inferior value. So far from raising the rate of profit or interest, it has a tendency to lower it, and the rent of land is only raised by it in a slight degree, and after a series of years. Its highest advantages result to the poor man's estate—his labour. This estate it enlarges and fertilizes, and causes to yield a larger and a better crop.

Again, there is another property in knowledge, which it also boasts as a peculiar distinction—the circumstance of the existence of no known limit at which its further advancement must stop, and beyond which it cannot be extended. While the highest attainments of knowledge and discovery already made may be freely communicated to all the world, without lessening the stock we have left, we cannot perceive that any limits can exist or any impediments arise to the future progress of science. While the further acquisitions which from time to time will hereafter be made, may, in like manner, be as freely communicated. The exertions of industry have bounds beyond which they cannot extend; being limited by the physical strength of

the human faculties. The quantity of land from which sustenance for mankind may be raised, has precise and well-determined limits. Capital, too, is not susceptible of endless accumulation; and, if it were so, the quantity that can be employed with advantage in aiding and supplanting labour, has, in every stage of the progress of knowledge, a limit, though neither ever yet arrived at, nor even precisely ascertained, beyond which the employment of a larger quantity would not only cease to be of use, but prove an encumbrance to the workman. Accordingly, under any given state of knowledge, objects of wealth, the produce of labour, are limited in their supply by the strength of our faculties, and the quantity of land and capital necessary to their production. But knowledge, from the increase of which labour may raise a larger produce with the same labour, capital, and land, unlike these, has no limits that are known, or can be anticipated: its sources seem inexhaustible. Notwithstanding all that has yet been done, by far the greater part of natural phenomena remain unexplained; and nature, in relation to our faculties, still remains boundless and unexplored. The number of species of plants, of animals, and minerals, which man has hitherto rendered subservient to his wants, are as nothing in comparison of the multitude that are known to exist, but which as yet he has been unable to apply to useful purposes. But the more our knowledge is extended, the more we discover valuable properties in things which before were regarded as worthless. The number of combinations and changes of circumstances which it is possible to make, and from which we know not but that useful results may spring, are beyond the power of computation to estimate. Contrary to what obtains in the material world, the more that information is diffused, the quicker it advances; both from the greater number of persons engaged in its pursuits, and from the more extended and varied field of observation subjected to examination; while, with every improvement in methods of observation, or in the construction of scientific apparatus, their power of scrutinizing, comparing, and discriminating increases. Every new principle discovered in science, brings into view whole classes of facts which would never otherwise have attracted our notice at all, at the same

time that it throws new lights on many which were observed before. Thus, every fresh acquisition, instead of contributing to exhaust the subject, and to narrow the field of further inquiry; instead of lessening the number of new discoveries, or diminishing the power of making further acquisitions, seems only to enlarge that power, to extend the field of observation, to facilitate and lead the way to richer discoveries, to render our progress more certain, and accelerate its rapidity.

While, thus, every thing tends "to raise our hopes of the future progress of science," and, "to hold out the cheering prospect of difficulties diminishing as we advance, instead of thickening around us in increasing complexity,"* it is impossible to doubt that the arts of life, and the opulence of society, so intimately connected with and dependent as they are on science, must advance in corresponding measure with it. The laws of nature, then, are that mine whence intellectual treasures are drawn; which whether or not it repay to the particular individuals the industry and talent exerted in working it, will unquestionably do so to mankind at large, in a higher degree than any other. In comparison of this, the richest mines of silver or gems, that have ever been known, or can be imagined, sink into worthlessness and insignificance. The stock of practical knowledge, the accumulation of the labours of ages, which constitutes the intellectual wealth of the species, and which one generation bequeaths to another, although not in itself accounted property or wealth, is, notwithstanding, an inheritance of inestimably higher value than any bequest, however large, of actual objects of material wealth, the creation of the industry and the accumulation of the providence of individuals. It is a power of acquiring wealth, which is inexhaustible and imperishable in its nature; and which, so far from being destroyed or worn out by use, is rather augmented and sharpened thereby. From such qualities, this power is more to be coveted than the transitory gifts of fortune. As it is through this power that material wealth is originally acquired, so it is by the same power that wealth is preserved, and the means afforded of accumulation. Without it, wealth, if it had been previously created and accumulated, would soon become de-

* Discourse, &c. by Sir J. F. W. Herschel.

stroyed and lost. Whoever, then, adds to this stock of knowledge, by exhibiting a method of augmenting the quantity or excellence of the produce of industry, without a greater sacrifice for its acquisition, in effect, adds to the fortune or annual income of every consumer, by as large a sum as would purchase the excess of the larger or better supply so brought within his reach. It is a fortune, too, entailed by the most secure guarantees, which the improvidence of the most determined spendthrift cannot dissipate, nor his self-indulgence consume. Such then is the track in which the efforts of philanthropy may be exerted with the most certain and effectual results, with the most extensive and the most permanent benefits to mankind.

Thus it is that the first and most important, though hitherto too little noticed, circumstance which arrests our attention, as affecting the condition of man, and the supply of the necessaries and conveniences of life afforded him, is the knowledge that he possesses of the laws of nature, with the useful combinations of circumstances which it is in his power to bring about, and the consequent skill and judgment with which his labour and capital are applied. Amongst the causes on which the opulence of societies depends, we cannot assign to knowledge too distinguished a place. By its means, labour is facilitated and abridged, its effective powers augmented, the resources of man husbanded, and articles turned to useful purposes which would otherwise, through ignorance, have been of little or no value, by all which, production is raised to its utmost height in quantity, excellence, variety, and suitableness to our wants.

But as yet science has been very imperfectly applied to practice. "Numbers of truths have remained unfruitful from want of application, which might have added new comforts and embellishments to life, and the populace and the sages of the same country seem to belong to different periods of the human mind; while the theories of the one are derived from the knowledge of the present day, and the practices of the other are regulated by the ignorance of long-past ages." * Not only is this the case in our own, it is the same in other countries. The sciences of Europe have not been adopted in the practice of the arts in

* Advancement of Society p. 92.

Asia and Africa; whence we fail to derive from the commerce with those countries the inestimable advantages which would accrue from such adoption, in the multiplication and improvement of the peculiar products which we purchase there.

Even when sufficient information and skill to direct industry with the happiest success are possessed by those engaged in the arts, they may still not be applied in practice. Sometimes they have not been applied through want of freedom and security, proceeding from trade regulations and combinations, or the danger of popular vengeance from misguided workmen. Labourers may be misemployed, or employed in a way unfavourable to the most productive exertion of their powers, through the prejudices, the misconceived views of self-interest, or through the poverty of the workmen. The same thing may happen through the legislative restraints and regulations which fiscal measures, or false views of policy, may have imposed. Unquestionably, the produce of industry must be less in proportion to the misapplication of labour, and the disadvantageous circumstances against which it has to contend.

In a subject which, as Dr. Chalmers expresses it, "aims at the diffusion of sufficiency and comfort through the mass of the population, by the multiplication and enlargement of the outward means and materials of human enjoyment," it would not be strictly in place to enlarge on the collateral benefits accruing from the intellectual pleasures which the pursuit, the acquisition, and the communication of knowledge afford. Yet it may be permitted in passing to draw attention to these pleasures, as well as to the intimate connexion which subsists between the physical and the moral sciences, and consequently the moral effects, as promoting individual happiness, both independently of opulence and as derivable from it, which result from their cultivation. Suffice it, then, to say of knowledge, that it is itself a source, at once, of intellectual gratification, and of elevation of moral character, independently of being a means of promoting opulence. It is a means of civilizing and humanizing mankind, and of uniting them together, as fellow-citizens, in the "republic of letters," in one common bond of association and of interest.

Nor ought we to pass unnoticed, the obvious tendency of the examination of nature to lead "from nature up to nature's God." Knowledge and piety are meet companions, communicating and receiving from each other reciprocal services and enjoyments. "Religion and science, like two streams destined to unite in the same channel, have flowed on side by side, and have passed through the same countries, involved in the same maze of events, and suffering or triumphant under the same variety of political changes. The affairs of the Israelites were closely connected with those of the Egyptians and Chaldeans, and afterwards were ultimately bound to those of Greece and Rome. The world of the Jewish writers was the world of the Roman empire; and the history of Christianity has been carried on by those Gothic tribes who have continued the improvement of science, and with whose ever-brightening fortunes both knowledge and religion are decreed to extend their sway, and to perpetuate their advancement. It is pleasing and important to remark the kindred origin and history, and at length the indissoluble union, of science and religion; and to anticipate the combined result of their efforts in the service of man, and the blessings they are likely to draw down upon his head."*

As a source of enjoyment, too, as well as a means of opulence, knowledge has the peculiar and striking felicity about it, as contradistinguished from wealth, that its pleasures, so far from being diminished, are increased by communication. Knowledge can neither be adequately cultivated nor adequately enjoyed by a few. The intelligent man amongst the ignorant has little pleasure of intercourse: amongst the intelligent, his enjoyment is at the highest. Thus, both the pleasures of acquired knowledge are increased, and the chance of its future extension multiplied, in exact proportion to its diffusion.

In whatever way, or in whatever department of useful industry, the means are acquired of accomplishing our ends with greater facility, the consequences to mankind are beneficial. But this is more especially the case when such improvement is made in the acquisition, production, or fabrication of articles of *necessity, real use,* and *comfort,* than when it takes place in

* Advancement of Society, by Mr. Douglas.

articles less indispensable, and more particularly of mere decoration or show; which afford gratification chiefly through their rarity or costliness. To render food abundant, cheap, and excellent, would be conferring a higher benefit on mankind than to multiply luxuries and ornaments. To render the precious stones, pearls, or trinkets, cheap, is not worth the wishing for. An abundance of food and necessaries is of greater importance, both because the class is larger to whose wants they may minister, and because the suffering they may remove or mitigate in some of the individuals, is of greater intensity than any pain we can conceive to exist from the want of superfluities among persons whose necessities are already supplied.

An increase of food and necessaries, the chief object to be aimed at, may be effected, not only by the direct means of improvements in agriculture, and those arts more immediately connected with it, but likewise indirectly by improvements in most other branches of useful industry. It would be superfluous to prove that an application to agricultural purposes of additional or improved machinery, whereby the effective power of the husbandman should be heightened, would give the means of successfully cultivating lands of more inferiority in quality, and of heightening existing cultivation on better lands; as also that the same result must follow from every other improvement in the practice of agriculture, by which the quantity or quality of the produce of the soil should be increased, without additional labour or expense. But, though less immediately apparent, it is not less true, that improvements in other branches of industry likewise give the means of heightening and extending cultivation. Since our subsistence is derived by means of the *various branches* of industry, if, without any change in the practice of agriculture, improvements take place in manufacturing industry, which cause clothing, implements, and other necessaries, to be fabricated with less labour and expense, such improvements give the means of enlarging the supply of food. Let it be supposed that, previous to such improvements, *three* days in the week were required by a labourer to raise the corn and vegetables, and rear the domestic animals, necessary for his subsistence, and that the other *three* days were required to

procure his clothing, lodging, and other necessaries. Under these circumstances, let it be supposed that an improvement in manufactures is introduced, which renders only *two* days in the week sufficient to procure the labourer's clothing and lodging. Then, it is plain, that he is able to devote the remaining *four* days in the week, instead of *three*, to procure his food; and, consequently, cultivation may be extended over inferior soils, or heightened on better soils, to procure a larger supply of food; and this, until four days shall no longer be sufficient for such purpose. "It is thus that a step of improvement in manufactures alone, can give rise to an onward step of extension in agriculture; and just because a method has been devised for the fabrication of as many yards of cloth, by fewer hands, soils of poorer out-field, than any that had yet been reached, may now be profitably entered upon. An improvement in the form of the stocking machine, may, as well as an improvement in the form of the plough, bring many an else unreclaimed acre within the reach of cultivation." * So, likewise, the means of extending manufactures are acquired by every improvement in agriculture, as will be evidently seen by merely transposing the terms in the supposition just made. Every invention or discovery which abridges the labours of industry; every advancement and diffusion of information, whereby the economical process becomes better understood, or more generally practised; sets free a number of hands to provide conveniences of other kinds, and adds to the quantity and goodness of the supply of the people, as well as to the numbers which may be supported by that supply; nor does there seem any limit to the enlargement of the mass of commodities, while improvements in art can still be effected, until every rational desire of man be universally and fully gratified. But, what is of more importance, every such improvement gives leisure and the means, if men be willing to avail themselves of them, of raising the human mind to a higher state of intellectual and moral excellence; the noblest aim of human exertion.

But while it is through applied science and skill in the direc-

* Political Economy in connexion with the Moral State and Moral Prospects of Society, by Dr. Chalmers, p. 10.

tion of industry, that an abridgement of the labours of mankind is to be effected, it would be far from fact to conclude that in superseding labour from such causes, indolence and a want of energy in the people would follow, or that workmen would be deprived of employment. Science and skill rather promote industry, by opening new sources of occupation, diminishing the pain or labour which must be endured to acquire its products, bringing within our reach articles of superior excellence and of more varied character, thereby inducing tastes and habits of a larger and higher style of expenditure. The facility of production which skill and knowledge give, and the increased and more diversified reward they procure to labour, while they conduce in the highest degree to our enjoyment, are, at the same time, powerful incentives to further exertions. "The most intelligent man must needs be the most industrious, to turn his knowledge to account." The gratification which success in his pursuits affords him, exceeding, as it does, the pain or privation of labour, causes his business to become his highest source of interest and pleasure. With regard to inventions that supersede labour, although their first and temporary effect is to deprive workmen of employment, yet their ultimate effect is the very reverse. The cotton manufacture, before alluded to, not less than the invention of printing literary works, which has been so often adduced, affords irrefragable proof that such inventions ultimately procure enlarged employment to the people, from the cheapness of the article produced thereby, and the larger extent to which customers are enabled to purchase. Previous to the year 1770, the cotton manufacture could scarcely be said to have an existence in this country. The articles then fabricated were chiefly fustians, linings, and some few of the stronger and coarser kinds. For all others, a linen warp was required; the cotton yarn being so coarse and loosely spun as to be fit only for the weft. The finer goods consequently were partly cotton and partly linen. The inventions of Hargreaves, of Arkwright, and Crompton, first gave the means of spinning cotton yarn of sufficient strength and fineness for the warp, whereby the finer goods as well as the coarser came to be made wholly of cotton. Thus has arisen a manufacture,

the creation of the genius of a few humble mechanics, which, from next to nothing, now exceeds every other in magnitude; which employs more than one-eleventh part of the population of Great Britain, exceeding in value two-thirds of the whole public revenue of the united kingdom, and furnishing nearly one-half of the exports of British produce and manufactures.*

Knowledge and skill in the application of labour and capital are displayed in two ways. First, in the application of individual industry; and, secondly, in the proper and judicious arrangement, distribution, and combination of the whole aggregate of individual industry, which constitutes social industry. Not only must the labour of every separate individual be well directed in his own peculiar province, but in the case of a number of individuals, or a society, the work must be well distributed amongst these separate individuals, and their labours must be well combined.

Many considerations lead to the conclusion, that government interference in the advancement and diffusion of knowledge, were to be deprecated rather than desired. This is however too extensive a subject to be discussed here in the manner which its importance demands. A few remarks only must suffice. Discoveries and improvements are to be expected rather from volunteer labourers, than from persons employed for the purpose. Almost all advances hitherto, and almost all the efforts which have been made to diffuse information, have been everywhere the work of voluntary exertions. Invention, though usually the result of patient and laborious inquiry and investigation, cannot be forced, or called forth at pleasure. Discoveries cross the mind, as it were, by accident, and without premeditation. In the diffusion of knowledge, too, which has been previously acquired, the evils of administration must always accompany the interference of power. The history of the past might suffice to teach us wisdom on this point. Hitherto the interference of power has only served to retard the advancement of learning, to corrupt its sources, and bend it to the promotion of the views of the ruling party. Universities and colleges under government patronage have been most commonly the

* V. Baines, On the Cotton Manufacture

seats and sinecures of idleness and exploded errors. It is the common fate of institutions which have no rivals, first to become stationary, and afterwards to retrogade. Certain systems must be taught and learned, not because they are useful, but because in former ages they were thought so, and prescribed. Institutions chained down to systems prevalent at the age when they are established, must be always lagging behind, and only reluctantly dragged on by the spirit and improvements of succeeding times. Teachers having no interest in the zealous performance of their duty, are jealous of others meddling with their pursuits, and always attach odium to innovation. But truth is necessarily progressive. It requires not the support of power to uphold it, which is always uncongenial to its interests, but should stand on its own merits alone. Notwithstanding that the interest of government is, that the people should be intelligent, skilful, and as productive as possible of the means of enjoyment, if it were only for their use; and notwithstanding that the love of fame has excited princes and rulers to patronize learning, yet knowledge has been scarcely at all advanced by their interference. Were nothing known, or diffused, but what the establishments they have founded and patronized have effected, or permitted, we should now be in little better than the darkness of the middle ages. It has been remarked, that, "In Scotland, where parochial schools have been long established, and instruction has been universal, far from their having made progress during the last half of the late century, there has rather been a decline; and the abilities of the teachers, and the desire to be taught, have in several instances suffered a diminution."

Yet when discoveries and inventions have been made which materially benefit humanity, they loudly call from society for a recognition of the debt of gratitude which is due to those who thus prove themselves its benefactors; they claim also to some extent a pecuniary recompence. When we consider the magnitude of the service which some of these discoveries and inventions have rendered to mankind, from their greatness in themselves, their extent, through the universality of their adoption, and the permanence in duration which will probably attend their employment, it would be wholly impossible to estimate in

its full measure the magnitude of the service thus rendered to our species, much less to reward the individuals in any degree commensurate with it. The £20,000 which the British parliament awarded to Jenner for the discovery of vaccination, or, again, the £5000 which it voted to Crompton for his invention of the spinning-machine, called the mule, are either of them utterly valueless when put in competition with the advantage that has been, and will be, derived by their country and by mankind from their exertions. But a recompence commensurate with the value of the benefits derived from such discoveries and inventions, is not less impossible than uncalled for. The highest interests of society, however, are involved in such exertions, and demand that aid should be afforded to struggling genius while contending with the difficulties and opposition which it has almost always to encounter, and which are often too strong for its unassisted efforts to overcome. And it must be confessed, that governments in general have been too slow in affording patronage and protection to such endeavours, and too penurious in rewarding their triumphs when successful. The aid which governments have in this way afforded to the advancement of science and the arts, seems liable to no possible objection; but, on the contrary, to be fraught with the greatest benefits, and seems to require a more ready and more liberal extension.

Though there are reasons to believe that the interference of the state in the establishment and support of colleges and schools for education, has rather tended to retard than advance the diffusion of knowledge, there can be no doubt that it ought carefully to avoid hindering, either directly or indirectly, by its measures, the progress of science and diffusion of information. To shut out from or discourage the communication of the physical sciences to the industrious members of the community, would be to diminish the quantity or deteriorate the quality of the products of their labour. To exclude from them the moral sciences, or to lower the purity and perfection of such branches of study, would be to diminish the enjoyment derivable from these products to themselves and to the community. That governments in earlier times have powerfully checked the advancement and diffusion of knowledge, is a fact too sensibly felt

in its melancholy results to stand in need of proof; and that they still do the same thing, though in a slighter degree, is scarcely less obvious. Let us then shortly glance at some of the ways in which these effects continue to be produced.

The advancement of science, and the acquisition of skill and knowledge by the people, are impeded by restrictions on the press, and duties on paper and publications, as also by duties on the chemical agents, and the instruments and materials of experiment, used in the different departments of science and the arts. Comments on such measures of government are too familiar to need repetition to any extent. It is sufficiently obvious, that, in increasing the price of publications, and consequently, the expense and difficulty of acquiring information, they cannot but operate prejudicially, both on the pecuniary and on the moral condition of the people. On the other hand, everything that either cheapens publications, lessens the expense of education, expedites the acquisition of learning, or lightens its labour by improved systems of teaching, is conducive as well to the wealth as to the happiness of society. It is however too little the subject of observation, that especially beneficial would be any plan which could be devised of teaching in a cheap, easy, and expeditious manner, the useful arts; and which would thus give to the people the means of earning their daily bread. It is the want of acquaintance with these arts, and of the ability and freedom to practise them, that are the great sources of a want of employment, of poverty, and of wretchedness amongst the poorer classes.

The laws of apprenticeships, now, happily, in our country repealed, though the customs and habits of thinking they have confirmed and perpetuated must continue to be felt for generations to come, had a tendency rather to retard improvements in the arts than to contribute to their perfection. Through this custom, the arts became "crafts and mysteries," men were brought up and occupied solely in one trade; they were forbidden to interfere in other trades, and thus prevented from knowing them. Consequently, those of one occupation were commonly unacquainted with the methods in use in others, and ignorant of the advances which had been made in them. Dis-

coveries and improvements are not to be expected from men whose sphere of information is thus limited, and whose conceptions must be narrow and confined. It is from men of more extended knowledge, and of a more general range of observation, that these are to be hoped for; men whose ideas are not confined solely to following in the footsteps of those who have gone before them, but who can bring the knowledge and advancement of one art or science to bear on the progress of another, and consider what *can* be done, rather than what is or *has been* done. To perfect the arts, every process connected with them must be submitted to the test of general principles.

It is unquestionable, that customs of apprenticeship impede the ready acquisition of skill and knowledge in the arts. A young man would apply himself with more diligence and assiduity to become thoroughly acquainted with his art and expert at his work, if from the beginning he wrought as a journeyman, being paid in proportion to the work he executed, and paying in his turn for the materials which he might sometimes spoil through awkwardness and inexperience. His education in this way would be more effectual, and less tedious and expensive. But the worst effect of long apprenticeships is, that, from their great expense, the great body of the poor are prevented altogether from acquiring the skill and knowledge necessary to the performance of the arts. When, in addition to a premium to be paid to a master, the lad is to be clothed, and perhaps maintained, by his friends for seven years, it is not to be wondered at that there should be found but comparatively few parents amongst the lower classes who are able to bear the expense. Long apprenticeships are altogether unnecessary. Apprenticeships were wholly unknown to the ancients. To discover the several processes of any one of the arts, and to invent all the tools and machines employed about it, must have been the work of long time and thought. But now that both are well understood, to explain to any young man in the completest manner these processes, and show him how to use the requisite tools and machines, in any of the arts, cannot require a long time. In most of the common mechanic trades, a few months might be sufficient. Dexterity of hand, indeed, even in common

trades, cannot be acquired without much longer practice, but the knowledge of the use of tools is easily learned.

But long apprenticeships, however injurious to the acquisition of knowledge and skill, however prejudicial to the interests of society at large, and in their ultimate effects even detrimental to the trades themselves in which they are customary, are, in their immediate effects, apparently to the advantage of these trades. The master has all the labour of the apprentice during his servitude for nothing; and in the end the apprentice himself seems to be a gainer, when his wages as a journeyman are raised higher in consequence, and he himself in his turn becomes a master. There is no very great difference between the skill of a journeyman bricklayer and that of his labourer; the teaching of a few months at furthest would be sufficient to qualify an intelligent labourer to perform all the work of a common bricklayer. Yet the wages of the one are in London five shillings a day, while those of the other, whose work is equally laborious, are but two or three shillings. If it were not for the custom of apprenticeships, the open competition in a trade so easily learned, would bring these wages so near to an equality, that there would not perhaps be more than sixpence a day difference between them. It is to the laws which till lately existed with regard to apprentices, and to the customs to which they have given rise, and which still continue, that we must attribute this great disproportion in wages. The monopoly which they have given to the more wealthy artisans, who were able to bear the expense of apprenticeships, has contributed to the entire degradation of the poorer, who were unable to bear this expense. The limited number of the workmen in each trade enabled them to get high wages, and the monopoly rate of wages enabled the masters to procure large premiums with apprentices. The loss of this monopoly, and of the power to check competition, will lower both the profits of the masters and the wages of the workmen; while the inferior labourers and the public at large will be the gainers. Since skill and knowledge increase the productiveness of the chief source of wealth—labour, every regulation or custom which checks their acquisition, cannot but keep down the excellence, the value, and the adaptation to our wants of the produce

of labour, and lessen the power of accumulating property. In England, fortunately, the statute of apprenticeships, though long suffered to disgrace our statute books, is at length repealed. In France, the revolution swept away those grievances; and it is time that the civilized world at large should break down such barriers, which curtail the natural freedom of mankind; which raise to a still higher elevation the richer at the expense of the poorer classes; and are not more unjust than they are prejudicial to the growth of opulence.

Adam Smith observes, "The institution of long apprenticeships gives no security that insufficient workmanship shall not frequently be exposed to sale. When this is done, it is generally the effect of fraud, and not of inability; and the longest apprenticeship can give no security against fraud. Quite different regulations are necessary to prevent this abuse. The sterling mark upon plate, and the stamps upon linen and woollen cloth, give the purchaser much greater security than any statute of apprenticeship. He generally looks at these, but never thinks it worth while to inquire whether the workman had served a seven years' apprenticeship. To judge whether a man is fit to be employed, may surely be trusted to the discretion of his employers, whose interest it so much concerns. The affected anxiety of the lawgiver, lest they should employ an improper person, is evidently as impertinent as it is oppressive." *

Of similarly injurious tendency with apprentice laws as regards the acquisition of knowledge, are those regulations which in some professions prescribe to the student, as qualifications for practising his profession, a certain course of study, to be pursued for a definite length of time, in a certain place and under certain teachers; and instead of leaving the student to acquire his knowledge in what place and manner he finds best, and afterwards instituting a strict examination into his qualifications for practising his profession, regard rather the length of his probation, and the certain authorized teachers under whom he has studied, than his own acquirements. Of this kind are the regulations which apply to the medical student, which prevent his being eligible for examination, let his competency be

* Wealth of Nations.

what it may, unless he has attended a certain number of lectures delivered by certain authorized persons. Of this kind, also, are the rules of court, which require the law student, previous to being called to the bar, to be admitted a member of one of the inns of court, and to dine in hall during a certain number of terms. If the requisite professional information could be better acquired in these prescribed ways than in any others, no doubt the student would follow them of his own accord, without any regulations on the subject. But established regulations which remain unchanged notwithstanding subsequent improvements, must, in general, put the student to greater inconvenience and expense than are necessary.

In some countries, a man is obliged to follow the occupation of his forefathers. In others, aristocratical maxims raise an insurmountable barrier between different ranks, condemn the useful arts to contempt, and deny any countenance to genius struggling to emerge from obscurity. Again, in some countries, a large portion of the community is held in slavery, or reduced by oppression to a state not much better, while perhaps the prevailing sentiments favour an attachment to ancient practices, and dislike to innovation. Under such discouragements genius languishes, and the progress of the arts is retarded.

War is directly adverse to the progress of knowledge. Every one of its attendant horrors and calamities is inimical to the arts of peace. In a time of war, besides the destruction of property, and waste of energies, money, and resources, which might otherwise be usefully applied, the thoughts of the people are engrossed by the all-absorbing interest which the progress of the contest excites; and little is thought of but political occurrences. In peace, on the contrary, there is usually not sufficient interest in public intelligence to engross the attention, or draw off the mind from study, and from the calm pursuit of sciences which conduce to better the condition of mankind. War interrupts the intercourse of nations, impedes the communication of thought between men of different countries, and the simultaneous and combined pursuit of any subject, on which the progress of discovery much depends. Lastly, it prevents the improvements of one country from being readily transported to another

The advancement and diffusion of knowledge are favoured by a distribution of property into many fortunes of a moderate amount, with a measure of affluence in the middle ranks of life, much more than by a concentration of riches in the hands of a few, accompanied with many poor. Laws of inheritance are frequently adverse to such a distribution of property as is now spoken of, causing a few individuals to be exceedingly rich, while the great body of the people are rendered poorer than they otherwise would be. But, hitherto, it has been to the middle ranks of life, removed above want, yet still obliged to exert themselves for their subsistence, that we have owed, both those exertions in the cause of humanity which have ennobled mankind, and those discoveries and inventions in the arts and sciences which have enriched it. And it is still in their hands chiefly that is lodged, "the high trust of amassing intellectual wealth for the species"—at once their duty and their most distinguished honour. Consequently, it is to them that we must principally look for those further advancements which may augment the produce of industry and ameliorate our condition. Their habits of application and observation strengthen their mental faculties. Their finished education and easy circumstances afford them the capacity and leisure for acquiring that information, and pursuing those trains of reasoning and experiment, which suggest themselves; as well as give them the power of executing those works which, while they benefit themselves, also enrich the community to which they belong, and perhaps the world at large. The lower classes, with scanty means and imperfect information, and wholly occupied in manual labour, through the imperious necessity of supporting themselves thereby, are incompetent to engage successfully in those inquiries and pursuits by which knowledge is advanced. They have neither the previous education to qualify them, nor the leisure necessary for prosecuting such inquiries with success; and, if they make discoveries, their poverty often precludes their putting them into practice, being unable to bear the expense and loss of time which it would involve. Not much better fitted for such pursuits are the highest orders of society. Born to inherit large fortunes, and educated in the most expensive

manner, they possess the amplest means of prosecuting every inquiry with advantage, yet their habits and turn of thought are unsuited to such a task. Unaccustomed to labour, nursed in indolence in the lap of Fortune, and the devoted votaries of pleasure, they are in general incapable, and, being under no necessity to exert themselves, are commonly disinclined, to exercise that steady perseverance, that patient endurance of labour and privation, without which success is not to be expected. They know little of the processes of industry, and are therefore unacquainted with what has already been done, or what remains to be accomplished. It is in the way which has been now alluded to, that measures of state have tended to check the advancement and diffusion of knowledge, and consequently to prove injurious to the opulence of society.

But the advancement and diffusion of knowledge, though they are still in some degree checked by injudicious legislation and measures of state policy, are, happily, too far advanced in their career to leave a doubt as to their future progress; much less to give any apprehension of losing what has been already gained. The circumstances of mankind have been materially altered since the era of printing. The burning of libraries now would have scarcely a perceptible influence. No event short of the conquest of the whole civilized world by barbarous nations could ever endanger, much less cause the loss of, the learning of the present day. Modern Europe is not exposed, like the Roman empire, or the polished nations of Asia of old, to be overrun by hordes of uncivilized Goths or Tartars. There are not enough of barbarous nations for the purpose. Modern science and virtue have completely turned the scale of strength and numbers in favour of civilization, and it is barbarism now that is in danger, both of being dispelled by the light of science, and of being conquered by the sword. Since the invention of printing, by means of the press, and of oral instruction, every discovery, whether the result of investigation or of accident, soon becomes generally known, and introduced in practice; forming a gratuitous addition to the ability of every future labourer. What shall be the future progress of our race, or the beneficial influence which in after-days science shall have

on its coming fortunes, or whether, on the other hand, impediments remain behind that shall ultimately terminate the movement which is now going on in society, time alone can reveal. Everything, however, leads to the expectation, that the future progress of knowledge will be more splendid than at any period of the past. The new discoveries which have been made in recent times in every department of physical science, unapplied as yet to the numerous uses towards which without question they will hereafter be directed, strongly impress us with the conviction that we have been, and still are, executing the work by which succeeding generations are to profit. Laws of nature which now are only obscurely indicated, time will in all probability render distinctly apparent. The improvements that have been made in education, its extension, the spread of literary and scientific institutions, and the diffusion of information and of opulence, cause a greater number of persons to be occupied, and with enlarged means of observation, in examining the principles of science, developing their consequences and application, and advancing knowledge by further discoveries. With these facts before us, it is impossible to resist the impression, that the future progress of knowledge must be more rapid than the past; and the enlarged power thereby acquired by man over the natural world, will both exceed all present conception, and prove a permanent acquisition.

CHAPTER IV.

ON EXCITEMENTS TO INDUSTRY.

In this branch of our subject, we do not regard the means by which labour may be facilitated and abridged, in order to increase its productiveness, but the same end is sought, by examining the method by which the whole powers of industry of a community may be called into full activity, and allowed sufficiently ample scope for their exertion.

It has been observed already, that nothing can be procured for the satisfaction of our wants and desires without exertion. But though this is an indispensable condition, yet the variety of productions which industry draws and fashions from the original sources contributed by nature is almost beyond the power of enumeration. There is scarcely anything that the rational desires of man could call for, the materials of which do not exist in the world, and of which labour and capital skilfully applied are not competent to afford us a supply. The bounty of Providence is no less conspicuous in the amplitude of the rewards of exertion that are placed within our reach, than is its wisdom displayed in the effectiveness of the motives of fear and hope—of evil to be averted, and of good to be attained, by which man is roused from a state of inaction, and impelled to exert his powers. Nor is exertion itself, though often so accounted, an evil. Inaction is a state unsuited to the active disposition of man. A moderate degree of exertion is conducive to health, and calculated in itself to afford enjoyment, independently of the fruits it yields.

The labour of every nation is that great fund by the outlay of which, not only its supply of all the necessaries and conveniences of life is acquired, but all the higher interests of man, intellectual, social, and moral, are advanced. Consequently, it is this fund that calls, in an especial manner, for wisdom in its direction, and for economy in husbanding its expenditure, that it may neither lie idle and unproductive, nor be suffered to go to waste in unprofitable exertions.

Since, then, no part of the ample and richly-varied provision which nature has made for the wants of man can be procured without exertion, and since a bountiful supply of all its kinds is procurable by this means, it is plain that, *cæteris paribus*, the opulence of a society must be greater or less according to the quantity of labour which it exerts.

This quantity will depend on two things,—first, on the industry of the persons actually engaged in labour; and, secondly, on the number of these persons in proportion to the number of other persons who are unemployed.

Though action is so suited to man that a state of complete

inaction, if enforced by authority, would prove even more irksome and painful than continual labour; yet it is nevertheless a fact, that men in general account as an evil, the necessity to labour for a daily subsistence, and consequently, being obliged to abstain during the time so occupied from those amusements and pleasures which leisure and an exemption from such necessity would otherwise afford. Such being the sentiments of mankind at large, their industry is based on the operation of the two motives to exertion, fear and hope. The lash of the overseer is the incentive by which the slave is impelled to labour: the dread of want may be that by which the free labourer is often actuated, while hope may frequently be blended, and afford a double motive, by adding the cheering prospect of bettering his condition, and of providing comforts for himself and family.

As incentives to labour, it cannot be doubted that the operation of both these motives, when a great many individuals of different temperaments and character are to be wrought upon, must be more effectual than that of one of them alone. Hence one reason for the superiority which is found in free labour over that of slaves: in the former, fear and hope are combined; in the latter, fear alone is in operation. If the question were merely how the pecuniary circumstances of the people might be most advanced, it might be policy to bring both these motives into action, and augment their force to the utmost. But, if the promotion of personal enjoyment be the object, it cannot be overlooked that fear, by which labour is forced to be undertaken, and its toil imposed, is in itself an addition of no small magnitude to the painfulness of the toil; and to excite the action of this motive in an uncalled-for degree, could not but prove hurtful, instead of beneficial. On the other hand, the cheering influence of hope lightens and sweetens that task which would otherwise be irksome. It is in itself a good, and of the two, the more steady and permanent incentive to action, calling forth exertions which exceed the appointed task, and with the highest and noblest aim.

The industry of a workman will depend in part on the education which has been given him, and the character and habits that have been formed in him in early life. The care which

has been taken of his health, and the proper exercise that has been allowed to his bodily and mental faculties, contribute at once to promote their strength, and to form habits of application and perseverance which reconcile the mind to labour. Rectitude of character, too, founded on moral principle, contributes to the regular and steady exertion of labour, by offering the worthiest motives to industry.

Again, the work that a man will execute sometimes depends on his occupation being one for which he is, from natural or adventitious circumstances, well qualified, or one that he has freely chosen, and to which the bent and inclination of his mind is peculiarly directed. On the other hand, a dislike to his employment, and the compulsory authority of his employer, or of circumstances which he cannot obviate, may render him careless and indolent. Compulsion is in itself alone a source of pain; and a work that would be cheerfully performed if the labourer were allowed either to perform it or leave it undone, would be considered a hardship and grievance when forced upon him. For the reason before alluded to, amongst others, free labour is greatly more productive than compulsory labour. The idleness, apathy, and obstinacy of the slave, and the unprofitableness of his labour in comparison with that of free labourers, are incontestably proved in all ages and countries, by having been the theme of universal lamentation wherever slavery has prevailed. It has been ascertained that an English mower will cut as much grass in a day as three Russian serfs. Perfect freedom in the choice of his occupation is necessary both for the content of the workman and for the productiveness of his exertion.

But the great and universally operating incentive to industry, is to be found in the prospect of the rewards which labour procures to him who works. No labour can be either pleasurable or productive that is without an object. "A man is induced to continue at labour by the prospect of obtaining a reward for it; he is inclined to discontinue it by fatigue. The stronger motive will prevail. Whatever adds to the force of the former, or weakens that of the latter, will increase the quantity and produce of labour." The rewards of labour are either pecuniary or honorary.

The institution of private property, which secures to the labourer the fruits of his own personal exertion, instead of awarding him a share in the common fund of the products of the joint labours of all the members of a community, stands amongst the first of the institutions of society, that operate as incentives to the active exertion of the powers of its labourers. The right to an exclusive possession of the produce which labour creates or redeems from a state of nature, seems a natural right, grounded on the same foundation as the exclusive right to the possession of the personal faculties themselves. Yet, in the earlier stages of society, this right has not always been fully recognised. In the case of land, it is only in an advanced stage that its exclusive possession has been completely established. The Brehon law in Ireland continued until recent times; and the common rights of pasturage which still continue in England, exhibit instances of a want of recognition of the advantage of the right of appropriation. But one of the strongest motives of the human mind is that of individual appropriation. The instinctive superiority of the claims of self over every other is strikingly displayed in the extremity of want or danger. In infancy too this is remarkably exhibited. In cases of less urgency than those alluded to, the ties of near and valued kindred, as parents, children, husband, or wife, may stimulate to equal or greater exertions than for oneself. But when the sympathy for others must be expanded over a wider circle, and made to comprise the members of a large community, it is correspondingly weakened in force, and the exertions for the increase of a common fund for their benefit, must fall greatly short of those which would be made for the good of oneself or one's family.

The most essential requisite to call forth the *full exertion of labour*, and so to acquire and enjoy its full rewards, is security of property. Without this, every incentive to industry must fail of its effect, and nothing but compulsion can induce men to work. It is the protection of property that forms the chief call for the institution of civil government; and in the perfect attainment of which consists the highest merit of princes and legislators. No nation, however barbarous, has ever failed to perceive the necessity of securing to the labourer some portion

of the fruits of his labour. Want of security to property is the greatest misfortune that can befall any country. The ravages of war, of pestilence, and of famine may be repaired, but nothing can enable industry to contend against an established system of violence and plunder.

As a universal system of spoliation must put a total stop to the exertion of industry, must utterly destroy the sources of subsistence and wealth, must, consequently, depopulate a country, and reduce it to a state of barbarism; so a state of society in which property is but imperfectly secured, must, in proportion to its insecurity, keep down the general opulence, and check the advancement of the people in numbers, and in civilization. Not only is it in barbarous countries alone that property is imperfectly secured, but this is the case also in countries greatly advanced in civilization. It is perhaps impossible, by the wisest enactments, with the most vigilant and efficient administration of law, wholly to prevent infractions of the rights of property. But there are cases in which infractions of these rights take place, even in countries the most highly civilized, not from the neglect or imperfect administration of the executive and judicial powers of the state, but, what is worse, from direct infringements, in a variety of ways, on the natural right of property; infringements established by law and supported by the powers of the state. The security of property is violated not merely when a man is deprived of the enjoyment of the fruits which have already been reaped by the exertion of his industry; it is violated in an equal degree when the acquisition of these fruits is prevented, or the source whence they might accrue, that is, the exercise of the powers of his body and mind, is taken from him or curtailed. Laws and customs of apprenticeship, corporation privileges, commercial restrictions, and monopolies, the laws of settlement of the poor, and many of the regulations of finance, infringe on the natural liberty of man, and curtail the advantages which are derivable from that most sacred of all kinds of property,—a man's bodily and mental powers. It is but a few years since that it was said by an eminent writer, "There is, perhaps, at this time, no country in Europe where a man is free to dispose of his industry and

capital in what manner he pleases; in most places he cannot even change his occupation or place of residence at pleasure. It is not enough for a man to have the necessary qualifications of ability and inclination to become a manufacturer or dealer in the woollen or silk line, in spirits or calicoes; he must besides have served his time or been admitted to the freedom of the craft."* Yet the right to use our faculties in any way that is not injurious to others, and which consists with an equal freedom in all, is a right of a more indisputable character than that to any species of property whatever. The personal faculties are the immediate gift of Nature. Every kind of property is less immediately so; is of a secondary character, and, in a certain sense, the creation or acquisition of man himself; but our personal faculties are less than anything else the result of human agency. These faculties are the source of all property. And to take away the *source* of property, is, if possible, a more glaring violation of right, and of more extensive mischief, than to take away property itself, when created. When a man is interdicted from following a particular occupation, and a favoured few only are permitted to do so, or he is compelled to follow it in a way which lays him under disadvantages, the right of property is violated to the same extent as though property were forcibly taken from him of a value equal to the loss he sustains. The right of property is infringed by those regulations which prevent a man from exchanging the produce of his labour for whatever he pleases, and wherever he finds it most to his interest to do so. To forbid us to go to the best and cheapest market, and compel us to supply ourselves from persons who either charge higher prices or furnish inferior articles, is not merely an unworthy selfishness, derogatory to the character of man, but it is to spoil us by force of the difference of price we are obliged to pay or accept in thus buying or selling at a disadvantage. Again, property is violated when regulations are made to forbid the employment of land or capital in the cultivation or manufacture of particular articles. The same thing happens when a fixed rate is assigned for commodities, wages, or interest, and maintained by force of law, or of combinations.

* M. Say, 257.

Lastly, the right of property is violated when an unequal system of taxation demands from particular classes of persons more than a fair portion of the public burthens, and thus diminishes the rewards of their industry; as it certainly does in this country, from the working classes in general. Such infringements cannot but have the effect, to a certain extent, of depressing the energies and industry of the people, of keeping down their numbers, and obstructing their advancement in civilization, opulence, morality, and happiness.

Such measures as increase the rewards of labour, act as incentives to industry; which, like every other human quality, improves in proportion to the encouragement it receives. When an augmented demand for commodities raises the wages of the workmen, we find that greater exertions are made in order to meet such demand; which shows that an advance of wages is an incentive to greater labour. When a great effort is required, a liberal reward is offered; and it would be contrary to every-day experience to deny that a liberal pay fails to excite the labourer to greater industry.

Yet there are not wanting men who deny the beneficial consequences of an ample reward of labour; who affirm that a plentiful subsistence relaxes the industry of the workman, leads him into idleness and intemperance; and who hence contend that low wages are necessary to preserve his sobriety, and spur him on to industry. In confirmation of this, it is pretended, that in cheap years, workmen are generally more idle, and in dear years, more industrious than ordinary.

With these views, assuming that the industry of the people is in proportion to their necessities, and is quickened by their wants, it is asserted, that every new tax on industry creates a new ability in the people to bear it, by making them more industrious, without which stimulus to exertion, they would fail to create those objects of wealth which they now produce. Consequently, that burthening the industrious classes with taxes, contributes to increase the opulence at once of themselves and of their country. This maxim is the more dangerous, inasmuch as its truth cannot be altogether denied; since it must be owned that taxation, when kept

within certain bounds, acts in some degree as an excitement to industry.

It cannot but be admitted, that when workmen are well paid, some are to be found who are thereby led at times into idleness and debauchery. When they can earn in three or four days enough to maintain them through the week, they will, perhaps, do nothing but indulge themselves in intemperance during the remainder of it. But these are exceptions to the general rule, and not the rule itself. Though a few may abuse the advantages of their situation, they are an inconsiderable minority, and this is not the case with the greater number.

When workmen are liberally paid by the piece, they are, as Adam Smith remarks, very apt to overwork themselves, and to ruin their health and constitution in a few years. This is the case with artificers of several trades, and which renders them subject to some infirmity peculiar to their occupation, and brought on by excessive application to it. Excessive labour during four days in the week is frequently the real cause of the idleness of the other two. Great exertion continued for several days together is, in most men, naturally followed by great desire of relaxation, which, if not opposed by some powerful restraint, is almost irresistible. It is the call of nature, which requires to be relieved by some indulgence, sometimes of ease only, but sometimes too of diversion. If it is not complied with, the consequences are often dangerous, and sometimes fatal, and such as almost always, sooner or later, bring on the peculiar infirmity of the trade. If masters would always listen to the dict tes of reason and humanity, they have frequently occasion rather to moderate than to animate the application of many of their workmen. It will be found that the man who works so moderately as to be able to work constantly, not only preserves his health the longest, but, in the course of the year, executes the greatest quantity of work. Thus, what is sometimes mistaken for idleness, is no more than the natural consequence of overexertion. And though there are instances in which idleness and dissipation are the consequences of high wages, it would be directly opposed to fact to deny the beneficial tendency on the

whole of a liberal reward of labour, from the abuse which is occasionally made of it.

After an abundant harvest, "a little more plenty than ordinary may render some workmen idle; but that it should have this effect upon the greater part, or that men in general should work better when they are ill fed, than when they are well fed, when they are disheartened, than when they are in good spirits, when they are frequently sick, than when they are generally in good health, seems not very probable. Years of dearth, it is to be observed, are generally, among the common people, years of sickness and mortality, which cannot fail in one respect to diminish the produce of their industry.

"A system which condemns the most numerous and useful part of mankind to earn a scanty subsistence by hard labour, without hope of improving their circumstances, or cheering the intervals of labour by a share of the comforts which nature and industry afford; a system which considers that portion of our fellow-creatures as mere machines, to be employed in gratifying the luxury or soothing the caprice of their superiors, for whose service they were formed; a system which tends to stifle every generous sentiment, and call forth the malignant passions of envy and hatred, or reduce the mind of the labourer to the lowest degree of abasement,—such a system cannot be reprobated in terms of too great severity." *

But a poor reward of labour is adverse to industry itself, independently of every other injurious consequence which results from it. It is better, says the proverb, to play for nothing, than to work for nothing. If we look at the different nations which compose the human race, we uniformly find that those are the most industrious who are the most civilized, and in the possession of the greatest measure of the comforts and luxuries of life; while, on the other hand, those are the most indolent who are in the lowest stage of barbarism, and destitute of every thing but necessaries. Contrast the industry of an Englishman with the indolence of an African savage, and we shall see that while the former is incomparably better clothed, lodged, and fed than the latter, he is likewise more active and industrious. It is

* Progress of Society, p. 30.

the same in any single nation, if we contrast its lowest class of poor with those who are in better circumstances. That class amongst the poor is always the most idle, improvident, and reckless of consequences, whose wages are the lowest, and whose circumstances, consequently, are so bad that they can hardly be worse, and such as to preclude the hope of ever being raised by their own exertions. With his spirits depressed, and his exertions enfeebled, the labourer becomes careless, sluggish, dissatisfied, at enmity with his employers, to whom he grudgingly gives as little and as bad work as possible. At last, however, familiarity with wretchedness takes away in a measure from its horrors.

With regard to heavy taxation, it deprives the people of a part of those comforts which their earnings would otherwise procure them, and which they deem essential to their enjoyment. In some cases they retrench something from their expenditure, or endeavour to raise their wages, while in others they are driven to additional exertions to make up the deficiency; and by working harder, they may live as well as before, without obtaining more for their labour. In the same way, the whip is a stimulus to the labour of slaves, who, without it, would work less; and with which the increased exertion drawn forth by the pressure of taxation may be well enough compared. But the most powerful effect of taxation in calling forth additional efforts, is *only a first effect* on the imposition of new burthens. In years of famine, it is found that the poor labour harder than in years of plenty. So, on the first imposition of a tax, the poor, having been used to the enjoyment of certain comforts, the possession of which, from habit, has become indispensable to their happiness, will at first make great efforts to retain them, when additional taxes render such efforts necessary. For necessaries, or accustomed comforts, a man will make extraordinary exertions; but beyond this, he will balance the fatigue of obtaining the reward against the gratification it would afford. Extraordinary efforts may, however, be sometimes made at the sacrifice of exhausting the bodily and mental powers of the workman. In such case, they cannot be permanent, but must bring on premature decay and imbecility. Even if they do not

go to this extent, yet if the larger earnings are obtained by sacrificing the ease and happiness of the people, such exertions will be wholly nugatory; for they will be made at the sacrifice of the only objects for which wealth is really valuable. These exertions, however, are really nothing but the primary and temporary effect of the *change* of circumstances; whence no conclusion can be drawn as to permanent consequences. The gradual deprivation of accustomed enjoyments which must follow from an increased difficulty in their retention, must cause them to be accounted less indispensable than before. The poor will become habituated to do without them, and eventually sink back into discomfort and lethargy. If we take from the labourer a large portion of the produce of his industry, the permanent effect must be to lessen the motive to exertion; from which a falling off in national production must ensue. Whence it follows, that heavy taxation, so far from promoting industry and public wealth, except as regards procuring the absolute necessaries of life, or as a first and temporary effect, must check exertion, and diminish public opulence. If a statesman could ever so far outrage the common rules of justice and humanity, as to place an unnecessary and unfair burthen of taxes on the industrious classes from this motive, such a wanton trampling on human endurance would be adding insult to injury, and treating them as beings destitute of reasoning faculties, and incapable of perceiving the plainest dictates of common sense;—an outrage which could hardly fail sooner or later to draw down its just retribution on the head of the offender.

While a scanty and inadequate reward of labour takes away the zest for exertion, and imbitters the toil, an ample reward, on the other hand, removes its irksomeness, and proves a powerful stimulus to assiduous and unremitting exertion. A plentiful subsistence not only in itself promotes the health and vigour of the workman, but, by giving cheerfulness of spirits, contributes to his mental activity. If the prospect be seen not only of bettering his own condition, and procuring the means of ending his days in ease and comfort, but of advancing the fortunes of his children, an alacrity of mind is acquired thereby, which animates a man to exert his strength to the utmost. We always find

that class of persons the most active and enterprising which has this pleasing prospect in view, and which is able by its industry to procure some of the comforts and luxuries of life.

But the effects of a liberal reward of labour are not confined solely to augmenting the quantity of work performed. It has a tendency, besides, to raise the quality and value of the work. A workman who is well paid is thereby enabled to procure the best of tools, to furnish himself with every kind of capital, and acquire every information, necessary to the perfection of his art. In a debate in the House of Commons, on the silk trade, in the session of 1826,* the member for Coventry stated, "that there were in that city 9700 looms, 7500 of which were in the hands of operative weavers, who applied their manual labour, as well as their machinery, to the manufacture of ribands. These looms were for the most part of the worst possible construction; and it would scarcely be believed that the improved loom in France would, in a given time, produce five times as much riband as the common loom in England, with the same degree of manual labour. He could also state that there existed an improved manufacture in Germany, by which one man could make forty-eight times as much velvet as could be made in an equal time by an English machine." Yet the English weaver of riband was too poor to buy an improved loom, and was consequently compelled to struggle in want against all the disadvantages to which the imperfection of his machinery subjected him. But a liberal reward of labour is of not less importance in another point of view. The workman thereby acquires the means of giving his children a better education; of putting them out apprentices; and thus of rendering *their* labour, as well as his own, more valuable. This superior education, finished with an apprenticeship, operates beneficially in a twofold manner: first, by increasing the quality and value of the future labour of the child; and, consequently, by placing him in circumstances to procure a comfortable subsistence for himself, and to become a useful and reputable member of society; a strength, and perhaps an ornament, to the state; and to continue the same advantages to *his* posterity. Secondly, by lessening the number

* 1 Parl. Hist. 1826, p. 389.

of the lowest class of labourers, (always superabundant,) it prevents a stagnation of employment *amongst them*, and by a better distribution of labour in the various occupations, contributes to raise the reward of *their* labour.

Again, there are moral consequences connected with a liberal reward of labour, that ought not to be overlooked, and which tend greatly to the public welfare and happiness. The influence both of virtue and of vice is not confined exclusively to the individuals themselves; these qualities extend their happy or baneful consequences, in a greater or less degree, to all who are within the circle to which their action reaches. Thus all men are interested in the morality of their neighbours. The great source of vice, and of its consequence, suffering, is to be found in that ignorance, and the strength of those temptations, which are induced through poverty and want. It cannot be expected that knowledge should be acquired unless there be the pecuniary means necessary to the acquisition. The man who feels himself properly remunerated for his labour, is likely to be a contented, a peaceful, and useful subject of the state; while the man who believes that he is not so remunerated, must be expected to be discontented, and to show himself an enemy to social order, when an opportunity may offer of acting on his feelings with impunity.

The abuse which workmen sometimes make of high wages, by indulging in idleness and dissipation, is perhaps to be ascribed in part, not so much to the liberal reward of labour generally throughout all the departments of industry, as to an *inequality* in wages, and to their own being higher than the generality of others. Or, possibly, it may be the first and temporary effect of a sudden advance from low to high wages. It is impossible not to deprecate an artificial depression of wages, or to be insensible to the advantages of a more generous system. But if, when wages in general are low, those of some few workmen are disproportionably high, a depression of these last, so far as to reduce them to the average of other wages, is commonly only another name for raising those other wages. The high wages which are paid in some trades, are most frequently paid out of the pockets of other trades, in the shape of high

prices of the articles consumed. As much as the rewards of one class of labour are thus higher than others, so much must the real rewards of those other classes of labour, which have to pay them, be relatively lower. A reduction of wages to the extent of equalizing them, when no natural reason exists for an inequality, cannot but promote the public good; while perhaps even the workmen whose pay is reduced may not be really injured thereby. But when the pecuniary circumstances of some workmen are much above those of other workmen occupying the same rank in life, and much more than enough to purchase all those things which the habits and style of living of such persons call for, the men are sometimes induced to go to excess, or become idle, from the want of relish for a higher kind of expenditure. The habits which a superabundance of means above their station thus induces, are injurious not only to the workmen themselves, but to their fellow-workmen, by communicating a desire to join in similar excesses, though their circumstances are unable to bear the expense.

High wages generally, however, after they have continued some time, have no effect of this kind. In support of this fact, we need only contrast the condition and habits of our present workmen with those of their forefathers. The command which their wages afford them over the necessaries and luxuries of life, is much greater than that of similar workmen of one or two centuries back. Yet they are not more given to excess: if there be a difference, it is the reverse. The articles on which their ampler wages are expended are all of superior kinds; and in this way their earnings are wholly absorbed, without leaving much to spend in excesses. Thus, though a rise of wages should lead at first to intemperance and idleness, this is the effect merely of the charge. In the end, the habits of expense of the workmen, and the kind of articles they consume, rise in a measure commensurate with their enlarged means.

The manner in which taxes are imposed, whether directly on the earnings of industry, or indirectly on the commodities on which those earnings are expended, is, as regards the stimulus to industry, matter of no importance. They have the same effect in one way as in the other. It is the quantity and quality

of the articles which the earnings of industry place within the command of the labourer, that form the incentive to labour.

Similarly detrimental to the exertion of industry with taxation are taxes on luxuries, and sumptuary laws, as well as those restrictions on commerce which prohibit the importation of the desired productions of foreign countries, or burthen them with heavy duties, that raise their prices to an exorbitant height. By such means, the rewards of labour are deteriorated in quality, which is the same as though they were in part taken away; and, in consequence, the people are likely to work less than they would do, if these desired productions could be obtained at easier rates. There is no ground to apprehend, from lessening the labour which must now be exerted to procure these desired productions, that those luxurious habits should be diffused amongst the people which in other countries and times have been thought to have brought on the decay and ruin of states. A general prevalence of luxurious habits has a tendency, it is true, to retard the progress of population. But the decline of empires has been occasioned, not so much by this circumstance, resulting from the facility of acquiring articles of luxury, as from the vices of every kind which have accompanied excessive wealth and indolence, with excessive inequality of circumstances. When a general demoralization of the people has taken place, when violence and wrong have usurped the place of security and justice, and oppression has set men at variance with each other, the bonds which held society together have become loosened, the nation has been rendered powerless, and has fallen an easy prey to the first invader. But in the present state of society, the easy acquisition of articles of luxury, while it adds greatly to the enjoyments of the people, can scarcely weaken, much less destroy, the state, because it has no tendency to introduce vice, oppression, and demoralization amongst its members.

There are some political reasoners who would keep down the wages of labour by every possible means, for the purpose of keeping up a foreign trade, and of preventing our merchants from being undersold by those of other countries in foreign markets. Such men look at nothing but the gains of the mer-

chants, and judge of national prosperity by the prosperity of a single class. They aim at national prosperity by debarring the operative of every thing but common necessaries; and would overspread their country with poverty, in order that a few more goods might be exported. In this way they would give to foreigners all the advantage of the cheapness of the articles produced at the expense of national privation. Happily, however, a kind Providence has caused the wages of labour to be determined by circumstances wholly above the control of any class of men; and thus has placed them completely out of the power of reasoners of such callousness of feeling. Such reasoning is, in fact, not less contrary to truth than it is repugnant to humanity, and on that account deserving of universal reprobation.

The interchange of commodities, whether effected by the home or by the foreign trade, does not depend upon the rewards of labour: this interchange takes place with equal facility, and to an equal extent, whether wages be high or low. High wages *in a particular branch* of industry, no doubt, raise the prices of the productions of *that* branch, and thereby diminish *their* consumption both at home and abroad. But though the production and exportation of the dear commodities of this particular branch must be lessened from such cause, the production and exportation of commodities *on the whole* are not thereby lessened; but the falling off here will be made up by a corresponding increase in the exportation of cheaper commodities of other kinds. The advantage of the division of employments, and of each workman devoting himself exclusively to one occupation, consists in that each is thereby enabled to acquire, through the exchange of the particular produce of his own labour for that of the labours of others, a greater quantity and variety of the articles he is desirous of obtaining, than he could gain by endeavouring to produce them all by his own personal labour. The foreign trade effects the exchanges called for by the international distribution of employments, as the home trade effects those called for by the domestic distribution of employments. The advantage to be derived by the inter-national distribution of employments, and the foreign trade by which its exchanges

are effected, is our being enabled thereby to supply ourselves with articles which either could not be procured at home, or could not be procured of such qualities at so cheap a rate. If the foreign trade does not procure to a nation a larger and better supply than the home trade would afford, it is the public interest that it should be given up. Foreigners must pay as much for our goods as may enable *all* the parties concerned in the trade, workmen as well as masters, to procure as great a quantity of the articles of life as they might do by applying their industry to the production of the articles themselves. If they pay less than this, a public loss is sustained by supplying them. On the other hand, if a larger and better supply is procured from them, than could be produced by the exertion of our own industry, it is the public interest to keep up the inter-national division of employments by which this better supply is acquired. According to the extent of this division, must be the amount of foreign commerce. This extent depends on circumstances altogether different from the rate of wages; indeed its increase uniformly causes the rewards of labour to rise. The only way in which the rate of wages in particular trades affects foreign commerce, is by determining the *kinds* of commodities that shall be selected for exportation in preference to others.

It is from looking exclusively to the merchant's profit, that a danger of error arises in assuming an advantage from a foreign trade, when that profit is considerable. But to prove that this trade is really advantageous, it ought to be shown that the workmen also, as well as the masters and dealers, are as well remunerated as they might be in other occupations which they have the means of following. It is not the sale of the articles, with a profit to the dealers, that is the only object to be aimed at; but the supply which the articles procured in exchange affords to *all* the parties concerned. If we sell abroad an article, the producers of which are badly paid, we shall probably take in exchange an article, the producers of which are better paid. It were better then to produce this article ourselves, if we can do so with an equal advantage, and thus let our own workmen get the better price for it.

Another way in which high wages operate beneficially is, by

leading to the economy of labour, from increasing the profit of this economy. When wages are high, the master who employs many workmen necessarily endeavours, for his own advantage, to make such an arrangement and distribution of employment amongst them as may prevent the smallest loss of time, and enable them to produce the greatest quantity of work possible. For the same reason, he supplies them with the best machinery which can be devised. What takes place in a particular factory, takes place, and for the same reason, in a great community. The greater the number of workmen, the more they naturally divide themselves into different classes and subdivisions of employments. The stronger the inducement to invention, the more heads will be occupied about it; and, consequently, the more likely is the end to be accomplished. When, therefore, the most proper instruments and machinery are invented for executing the work of each branch, commodities come to be produced with so much more facility, that the saving of labour more than compensates for the higher wages paid for it.

Another condition which operates as an incentive to industry, and is highly conducive to the augmentation and improvement of its products, is, that the workman should, as much as possible, possess a personal interest in his own work,—in the quantity he performs, and in its perfection. This is the case, in a measure, when labourers are employed at task-work; but it is much more completely so when the workman is entirely his own master. In a simple state of society, and in the infancy of art, almost all men work on their own account. In a more advanced state, journeymen are the most numerous. Those trades which require an expensive apparatus, large capital, and much division of labour, cannot be successfully carried on otherwise. But a poor independent workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his industry: the other shares it with his master. The superiority of the independent workman over those who are hired by the day or the year, and whose wages are the same whether they work much or little, is likely to be still greater. This is strikingly ex-

emplified in the case of farm-labourers cultivating small patches of land on their own account; in which the produce is generally much larger than when the same land is cultivated by a farmer with hired men. In the former case, a double advantage is gained,—the quantity of work performed is not only greater and better done, but the labour is less irksome. This last consideration may perhaps be thought unworthy of notice by economists whose sole object is the increase of wealth, no matter by what means acquired, or by what painful sacrifices of toil. But to the man whose object is to sweeten the lot of humanity, that which lightens labour and renders it pleasant, cannot be accounted of inferior moment. Another advantage which may be conceived to arise from the separate independent state, is, that the workman is less exposed to the temptations of bad company, which in large factories sometimes injures the morals of the workmen. To the attainment of the objects now mentioned, that which seems most favourable is, a general diffusion of wealth, by which many workmen might acquire the means of entering into business on their own account. Effects somewhat similar follow from a great subdivision of employments; such as we find exists in the watch trade, where the making of one only of the parts of the watch forms generally a separate and distinct branch, carried on by different persons, and where the capital required is consequently so small that there are few workmen who are too poor to engage in it on their own account. It is in this way that national industry is carried to the fullest extent of its powers, and becomes much greater than when the workmen labour in employments in the success of which they have scarcely any interest, for masters possessing large capitals, allowing a low remuneration of labour, and living apparently at the expense of contracting the comforts as well as the energies of the workmen.

Since the rewards of labour present a stimulus to exertion, the industry of the community would be increased by the abrogation of the custom of long apprenticeships. Apprenticeships have no tendency to form young people to industry. A journeyman who works by the piece is likely to be industrious, because his pay is according to the work he performs: if he is

idle, he earns but little; if industrious, he earns much. An apprentice is likely to be idle, and almost always is so, because he has no immediate interest to be otherwise. During the term of his servitude, he is a kind of slave, without any other reward for his labour than the distant and inefficacious recompence of being taught his trade, and of procuring the freedom to exercise it; which he will be sure to acquire merely by *length* of servitude, whether he be diligent or idle, whether he perform his work well or ill, or whether he spoil his master's materials or not. Without a motive to exertion, beyond the sense of duty, which is generally feeble and inoperative, his object is to while away time. His inattention to business brings reproofs from his master, and thus a feeling of variance with each other is engendered. Instead of having his master's interest at heart, he is inattentive to it unless compelled by the fear of punishment, or only while beneath his master's eye. And where shall the blame of these consequences be placed? Surely not more on the weakness of an inexperienced youth, unable to perceive aright the remote but real consequences of his folly, than on the system itself which robs him of his freedom, and on the other parties who act on such a system. In the inferior employments, the sweets of labour consist altogether in the recompence of labour. They who soonest enjoy its sweets, are likely soonest to conceive a relish for it, and to acquire the early habit of industry. A lad naturally conceives an aversion to labour, when for a long time he receives no benefit from it. The boys who are put out apprentices from public charities are frequently bound for more than the usual number of years, and they generally turn out idle and worthless.

To borrow the language of Dr. Hamilton,*—"Industry is promoted by the following means:—By directing education and early habits in a manner that tends to increase bodily strength and reconcile the mind to application and perseverance. By placing within the reach of the labourer a competent share of those enjoyments which are suitable to his station. By affording him, at all times, an opportunity of exerting his industry to advantage. By securing him the free possession and enjoy-

* Progress of Society, p. 34.

ment of what his industry has gained. By offering, not only a share of the enjoyments of life, but respectability, and an advancement in the scale of society, as a reward for successful industry."

The majority of people always labour as much as, under existing circumstances, they find most agreeable to them, after calculating, on one hand, the fatigue and privation of pleasure attendant on labour, and, on the other, the gratifications which its rewards procure. Doubtless, the legislature would be travelling out of its course were it to require more work from the people than they now perform. Each individual in his particular station, and with reference to his own physical constitution, must be better able to judge for himself than any other person can for him, when, in his own case, it is better to labour or to forbear. But governments have seldom or never pursued the wise course of forbearing to intermeddle with the industry of the people. It would have been well if they had. On the contrary, the sanction of law, and the power of the magistrate, have been directed in some instances to compel the people to work less than they otherwise would do. This has been done when the civil power has been employed to enforce the observance of religious festivals and ceremonies; and to require the people to call off their attention from the concerns of the body, in order that it may be devoted to the concerns of the soul. Considering that industry is the only source whence our temporal wants can be supplied, we cannot but deprecate as injurious to the comforts of the people, and as a cause of poverty, a religion which unnecessarily multiplies the numbers of the priesthood, enjoins rest from labour during a considerable portion of the time, or enforces an unnecessary sacrifice of time in attendance on religious services. Those men who have added to the ceremonies and festivals of religion by the institution of saints' days, fast days, and the like, however pious may have been their motives, cannot be regarded as having served the cause of humanity, or even of religion: the consequences of their conduct have proved similarly mischievous with those of the enemies of mankind. There are countries in which the days of rest enjoined on the people make one half of the year, and where,

in consequence, their wealth and comforts are proportionably curtailed. Considering that opulence and civilization greatly subserve the interests of morality and religion, the waste of the capacities of the people thus occasioned, instead of promoting piety, has served not only to make them poor, but, as the inevitable results of poverty, to render them ignorant and vicious.

It is not meant, however, to affirm that unremitting labour is desirable. To induce too great exertion would be not less mischievous than to induce too little. Happily, the powers of labour have acquired so high a degree of efficiency, that all the indispensable requisites to existence and comfort may be obtained by the generality of mankind with less than incessant exertion; and nothing but pride and vanity, or an inordinate appetite for expense, can render so much labour necessary. From the constitution of man, relaxation must be allowed both for the body and the mind, if we would preserve their health and vigour, and prevent premature exhaustion and decay. Perhaps, ten hours' labour in the day, that is, from six to six, with two hours of interval, is as much as ought to be required for a constancy; with extraordinary exertions only on extraordinary or urgent occasions. Time should be allowed also for the cultivation of the intellectual powers, and the moral improvement, of the labouring classes: objects which conduce not less to wealth and enjoyment in this life, than to the happiness of a future. "That sacred institution which withdraws one day in seven from the ordinary employments of life, and assigns it to religious and moral improvement, and innocent pleasures, can never be too much admired and respected. When viewed merely as a human institution, it deserves a preference to any which the heathen world can lay claim to; and we ought carefully to guard against any practice that may infringe on the reverence with which it is regarded, and thereby open the way for its gradual neglect."* If this institution be viewed, as it probably was intended, more for the benefit of the servant, whose time is not at his own disposal, than of the master, whose time is his own, it exhibits an admirable and beautiful example

* Progress of Society, p. 186.

of that benevolence which breathes throughout the whole system of morals of which it forms a part; and in which the happiness of the meanest of mankind is as much attended to, and accounted of equal value with that of the most exalted.

From the fact, that it is by labour alone our wants and desires can be supplied and gratified, it follows, that it is matter of primary importance, that the measures which form the peculiar province of government should be carried into effect without abstracting from productive occupations more of the industry of the country than is necessary.

In this view, we must account as injurious the employment of a large military or naval force, or the maintenance of large municipal establishments, where smaller establishments would sufficiently answer the purpose; as well as the maintenance of a numerous court or retinue in attendance upon the sovereign and the inferior public officers. The abstracting of so many persons from productive employment, and the waste of their labour without a useful object, must diminish the gross produce of the industry of the nation, while it burthens it with the expense of their maintenance, and, in consequence, diminishes the comforts of the people.

The same may be said of a complicated system of finance, which raises the public revenue from a great variety of sources, and requires the employment of a vast number of persons in its collection and management. If a simple system, with a few taxes, and a small number of persons to collect them, are equally well calculated for raising the same revenue, they are, on the same principle, decidedly preferable. These remarks apply also to a numerous ecclesiastical establishment; but more especially to the practice of monachism. A Chinese emperor in his decree says, "Our ancestors held it as a maxim, that if there were a man who did not work, or a woman that was idle, somebody must suffer cold or hunger in the empire." There are civilized nations that would do well to adopt the same sentiment. The practice of maintaining criminals and the able-bodied poor at the public expense in idleness, or in labour which is either altogether or nearly unprofitable, is liable to the same objections. These persons, in consequence, are a burthen

on society of an unnecessary magnitude; since, if they were placed in the hands of persons who had an interest in making their labour profitable, they would almost all be made to do something towards their maintenance, as is found to be the case in those parishes which contract with persons for the maintenance of the poor, and allow the contractor the produce of their labour.

The object in private life is, to go the shortest and most direct way to the attainment of the desired end; and to use the most economical means for that purpose. This rule is no less advantageous in public matters. Every circuitous procedure, every useless law, and unnecessary form or regulation, is a burthen and loss; inasmuch as the trouble thereby given is an exaction of labour which would otherwise be applicable to useful purposes, but is now applied to no purpose whatever, and therefore is wholly thrown away. The evils arising from over-legislation are of no ordinary magnitude, as well as those which proceed from an undigested, confused, and intricate law. Were the objects of legislation simplified, and all the laws methodically digested and arranged in a natural and lucid order; were the different statutes relating to the same subject brought together into one view, with the points hitherto decided and established as precedents, and further reference to previous authority rendered unnecessary; doubtless, less than half the number of persons at present following the profession of the law would be sufficient. The time, the talents, and property spent in acquiring a knowledge of law, and the time and talents afterwards devoted to its practice, must be of an enormous amount. If one half of these were saved and applied to the purposes of industry in other ways, the beneficial results would be incalculable; every social interest would more rapidly advance; the mass of commodities produced by industry would be vastly increased; their abundance would render them cheaper, and more easily procurable by any individual who possessed wherewithal of labour or property to purchase them.

In this country, in general, the women add but little to the pecuniary support of the family, from the want of employment for them beyond their attendance on domestic duties; and this

is partly owing to the customs and prejudices of this country, which allow of employing them in but few manufactures or laborious occupations. It is different in most other countries, where women are more employed in the fields and in other occupations which are here almost entirely confined to the men. Before the inventions in mauufacturing machinery, spinning and knitting afforded constant employment to females, when domestic duties allowed; but since these have been taken away, there is nothing left, in places where there are no manufactories. It were much to be wished that they should be more employed in the labours which men perform, or that some domestic manufacture were introduced, which might be a constant resource at home, in the intervals of household occupations.

CHAPTER V.

ON THE CIRCUMSTANCES WHICH OCCASION EMPLOYMENT, OR A WANT OF EMPLOYMENT.

THE full powers of industry of a community cannot be brought into action unless there be employment for the workmen. In consequence of the distribution of employment, and the mutability of the affairs of industry, a want of work in some employments is continually recurring: the workman is desirous to labour, but cannot find employment. The industry, then, of a community, and consequently, the abundance and excellence of its supply of the necessaries and conveniences of life, depends, also, on the degree in which a constancy of employment can be obtained, and a stagnation of business averted. But how, or why, at one time, employment for the labourer is offered in abundance, and, at another, exists in such scarcity that it can only be procured with difficulty, few persons seem distinctly to understand. Hence, the circumstances which occasion an abundance or scarcity of employment present a subject of inquiry of no subordinate importance.

The effect of capital on employment, and its influence from thence in determining the wages of labour, has been generally misunderstood. It is usually considered, that the wages of labour are in great measure dependent on the scarcity or plenty of employment for the workmen. It is true, their condition, and the flourishing or declining state of society, do most essentially depend on the full occupation of national industry. But, although the full occupation of industry, and its result, an ample supply of the necessaries and conveniences of life, is unquestionably an object of paramount importance, it does not thence follow that its supposed accompaniment, a high rate of wages of labour, should always be an object of equal moment in a national point of view, when other classes of the community must unavoidably be compelled to pay that high rate. To raise one class by sinking others, may be an object in an individual point of view; but it cannot always be so when we extend our consideration to the interests of the public in general.

Dr. Adam Smith says, "The demand for those who live by wages, cannot increase but in proportion to the increase of the funds which are destined to the payment of wages. These funds are of two kinds; first, the revenue which is over and above what is necessary for the maintenance; and, secondly, the stock which is over and above what is necessary for the employment of their masters.

"When the landlord, annuitant, or monied man, has a greater revenue than what he judges sufficient to maintain his own family, he employs either the whole or a part of the surplus in maintaining one or more menial servants. Increase this surplus, and he will naturally increase the number of those servants.

"When an independent workman, such as a weaver or shoemaker, has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally employs one or more journeymen with the surplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen.

"The demand for those who live by wages, therefore, necessa-

rily increases with the increase of the revenue and stock of every country, and cannot possibly increase without it. The increase of revenue and stock is the increase of national wealth. The demand for those who live by wages, therefore, naturally increases with the increase of national wealth, and cannot possibly increase without it.

"It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labour. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labour are highest. England is certainly a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England." *

Mr. Mill says, "The rate of wages depends on the proportion between population and employment, in other words, capital." † Here we perceive capital and employment are assumed to be equivalent. Mr. Senior says, "The rate of wages depends on the extent of the fund for the maintenance of labourers compared with the number of labourers to be maintained." Excepting the Earl of Lauderdale, every other writer who has come under my notice has adopted the view of the influence of capital as quoted from Adam Smith.

In opposition to this view, the Earl observes, "Capital, whether fixed or circulating, whether embarked in the home trade or in foreign trade, far from being employed in putting labour into motion, is, on the contrary, alone useful or profitable to mankind, from the circumstance of its either *supplanting the necessity of a portion of labour, that would otherwise be performed by the hand of man, or of its executing a portion of labour, beyond the reach of the powers of man to accomplish;* and this is not a mere criticism on words, but a distinction in itself most important.

"The idea, that capital puts labour into motion, gives rise to the opinion, that labour is everywhere proportioned to the quantity of existing capital, that the general industry of a country

* Wealth of Nations, Book I. ch. 8.

† Elements of Political Economy, p. 25.

is always proportioned to the capital that employs it; and therefore authorizes the inference, that the increase of capital is the sovereign and unbounded means of augmenting wealth. Whereas the opinion, that capital can alone be employed with utility and advantage in supplanting or performing labour, naturally suggests the inference, that a country cannot be benefited by the possession of a greater portion of capital than can be employed in performing and supplanting labour, in the production and formation of those things for which there exists a demand." *

Following, in some measure, these views of the Earl of Lauderdale, it will be my business here to show, that capital and employment are not equivalent; that capital does not maintain a population, does not put labour into motion, or cause employment; and, that the general industry of a country is not necessarily in proportion to its existing quantity of capital. There is, however, one point of view in which it must be admitted that capital is the source of employment. And this is, that with the assistance of capital, we are enabled to engage in occupations and to execute works which, without such assistance, would be impossible. The feeble powers of the hand could perform few of the kinds of labour by which our supply is obtained, without the aid of tools and machines; without the division of labour, to which a store of food is necessary; and without capital of other kinds. The ocean could not be traversed, and the productions of distant climes brought to our doors; the mine could not be explored, and its treasures made our own; in short, the arts of life could not be perfected, without the aid of capital. By the acquisition of capital, man has emerged from his original state of helplessness and poverty; has opened to himself sources of employment which were not possessed before; and has extended wider, and made more productive, the occupations he previously possessed. In the progress of wealth and discovery, new fields of labour are continually opening to us, and greater excitements to exertion from richer rewards, through augmentations to our powers of labour. New and more powerful tools and machinery, by strengthening our powers,

* Nature and Origin of Public Wealth, 2nd edit. p. 194.

extend the sphere of human labour; they enable us to cultivate soils, and to execute works which were previously altogether impracticable. "Fifty years ago, the mines of Cornwall were nearly at a stand, and no power existed by which they could be carried deeper, and their richness further explored." Improvements effected in the steam engine, however, gave this power, and continues their working to the present hour. But while thus improved machinery extends the sphere of labour, it at the same time lessens the sacrifice necessary to attain the objects of desire.

The same may be said of knowledge; for precisely similar effects result from one as from the other. Knowledge extends the sphere of human labour; renders works possible which, from ignorance of the proper method of effecting them, had previously remained impracticable; and thus opens new sources of employment. Yet the same misapprehension of the effects of knowledge does not exist as with regard to those of capital. We never say that knowledge *employs* labour, as it is said that capital *employs* labour, and that a scarcity of work proceeds from a want of knowledge. It is only then in the limited sense now mentioned that capital is the cause of employment.

Capital and employment are totally distinct things. A slackness of work often exists with an abundance of capital. This must be apparent, if we notice the circumstances that actually subsist when a want of employment is complained of. Few of the unemployed workmen are without the necessary tools of their respective trades; they possess likewise the means of subsistence, or the credit necessary to procure them. In fact, the same food and other things on which they are subsisted in idleness, would equally maintain them in full occupation. The workshops and premises of the master remain the same as when trade was brisk. The raw materials whereon to work, in all probability, are to be had in sufficient quantities from the warehouses of the merchants. Here then is capital of every kind,—tools, subsistence, and materials, amply sufficient for the most active exertion of industry; and yet the workman has nothing to do! Again, when employment returns, Is not the

capital employed in the occupations of the workmen the same as that which existed previous to the want of work, and during its whole continuance; and which might equally well have been employed during that whole time? How then can it be that capital is the cause of employment, and that a slackness of work is to be ascribed to a want of capital, when, with an abundance of every requisite kind of capital, the workmen are standing still? It is plain that the want of employment must proceed from some other cause.

Again, we have observed already, that labour bestowed upon natural products is the only source of wealth. When labour has been bestowed upon natural products they become articles of wealth and capital; but they were not such until labour was bestowed upon them. Consequently, it is labour that creates capital. How, then, since labour is the only means of creating capital, can it be, that a want of employment is the result of a want of capital, when it is labour alone that originally created capital, and has been the source of every subsequent addition to it? If such were the case, the remedy for a want of work would be nothing more than a further exertion of labour.

The ability to labour, and the possession of tools and materials, or land, whereon to bestow labour, are of themselves sufficient, without anything else, to afford the fullest employment to him who is willing to work. Nothing more than these are necessary. Neither land nor tools and materials, before labour was expended upon them, were capital. True it is, that labour cannot be conducted with that success, and perfection of the product, with which it is practised in civilized life, without ample capital of many different kinds. If cultivation is to be attended to exclusively, it is indispensable that there be implements of husbandry, and seed; besides a store of food and other articles of subsistence, on which the husbandman may be supported until the fruits of the earth have arrived at maturity: even more than these is required to cultivate the soil with success. But, without all this capital, mankind commenced its labours in the early stages of society, beginning without tools or capital of any other kind; and proceeding step by step, with the aid of tools and other capital gradually

acquired, to the present state of perfection. In this way the cultivation of the soil and the accumulation of wealth first began; and in this way our advancement has proceeded until we have at length arrived at our present state of opulence. As industry first began its labours without capital, it might do the same thing over again, if it were necessary.

From what has been said, it will perhaps be conceded *that capital does not employ labour*, and that, under ordinary circumstances, a want of work does not proceed from a want of capital to put it in motion.

If this be admitted, it follows that those views must be without foundation, which are founded on the supposition that superior advantages result from some particular occupations more than from others, on account of the great quantity of labourers to which the capital gives employment. It has been said, that "no equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring servants, but his labouring cattle, are productive labourers. Of all the ways in which a capital can be employed, it is by far the most advantageous to society."* But, without pretending to determine here, whether or not agricultural industry confers greater benefits on the community than other kinds of industry, it is sufficient to affirm that it does not do so from its affording employment to more labour. The same remark applies to other kinds of industry, in which a small capital is sufficient to furnish to a great many workmen the means of following their occupations. Since capital is not the cause of employment, if superior advantages result from these occupations, they must proceed from other grounds.

But if a want of work does not proceed from a want of capital, the causes must be sought for elsewhere. What then are the causes of employment, or of a scarcity of employment?

That which occasions employment, that which spurs men on to labour, must, no doubt, be the never-ceasing cravings of their wants and wishes. But that which occasions a want of employment, cannot be the absence of these cravings, because they always exist and operate. It must be, either an inability

* Wealth of Nations.

to satisfy them by means of labour, or an inability to do so at a sacrifice of less labour than the worth at which the indulgence of the cravings themselves is estimated; in other words, the cravings cannot be indulged unless at a cost of more than the indulgence is worth. Here are two opposite motives, the indulgence on one hand, and the sacrifice of acquiring it on the other: the excess of the former over the latter constitutes the motive to exertion.

But while, in the existing state of things, it is the never-ceasing cravings of human wants and wishes that afford endless occupation to mankind, it is nevertheless easy to conceive things to be different from what they are, and to imagine such a change as that these cravings should not afford full employment for all our time. Such a change may be imagined to be brought about in one or other of four ways:—human desires may hereafter be greatly moderated by a contempt of luxuries, rivalry, and display; or, the effectiveness of industry may be so heightened, as to do more than is necessary to satisfy all our wishes; or, again, a sterility of industry may so add to the toil of acquiring objects of wealth, as to render their acquisition less worth the required exertion; or, lastly, a love of indolence may so prevail as to increase in general estimation the value of the sacrifice of toil at which such objects are acquired. The call for exertion depending on the excess of the value of the indulgence over the value of the cost of its acquisition, must increase or decrease either with an increase or decrease in the value assigned to the indulgence, or the facility with which it may be gratified; and in the event of such changes as have been now supposed, the call for labour would decrease.

Such a decrease in the demand for labour, however, would not occasion a want of employment for workmen desirous of procuring it. It would be an inactivity proceeding from a disinclination to work, and not from want of occupation. If the masters should cease to require the labour of the workmen, their own wants would still afford them work. If it be said that the workmen have no capital and land to employ them, it may be replied, that the capital and land possessed by their employers would remain, and when they should be no longer dis-

posed to employ them themselves, they would be willing to let them out to hire to those who would; and thus, the workmen having the means of employment, would find occupation in working for themselves, so long as they should be disposed to work.

But, returning from the contemplation of things as they may be conceived to be at some imaginable future time, to their actual condition as we find them, it is enough to observe, that, notwithstanding the high degree to which the efficiency of labour has already attained, human wants and wishes are far from being satisfied. On every hand we are still surrounded with poverty and misery, and when real wants are supplied, artificial ones immediately arise, actually more numerous, and scarcely less clamorous. Yet, with demands for labour greater than the utmost powers of humanity could ever satisfy, the labourer is still without full employment; and the question returns, How is this apparently contradictory state of things to be accounted for?

To this inquiry I answer,—

A constant and effectual demand for labour is produced by the combination of the following requisites. First, that the labourers be sufficiently skilled in the various occupations whose productions are called for in the existing state of things. Secondly, that there exist a distribution of the labourers in the several occupations proportioned to the call prevailing for the respective articles, the produce of these occupations. Thirdly, that no higher prices be insisted on than the existing state of the market allows, so that the purchasers or employers may be able and willing on such terms to take off the whole quantity of labour of each particular kind. These prices are those which the free and open competition of the market determines; and a consequence of this exact distribution of labour, and of the contented acceptance of such prices, would be, a certain equality in the rate of remuneration of labour in the several occupations, differing only in the different departments, as difference of skill or other circumstances really call for higher wages in some than in others. Lastly, that commodities be exempted from unreasonable taxation. These several circumstances

existing, a steady and effectual demand for labour will always be found; and industry may exert itself to the full extent of its powers, without apprehension, either that a vent shall be wanting for its produce, or that an inadequate remuneration of labour shall be obtained. But if any one of these circumstances be wanting, the workmen may be expected to be at times without full employment; and industry, in a measure, cramped in its exertions. In remarking further upon these points, I observe,

First, that a want of employment is often to be ascribed to the want of sufficient knowledge or skill in workmen. The full developement of the powers of industry essentially depends on the possession of knowledge and skill in the application of labour. If the labour be rude, or not sufficiently skilled to produce the particular articles that we require, it is not likely there should be full employment for such unskilful labour. If the great bulk of the people of a country are uninstructed in the arts of life; if they are able only to tend cattle, grow potatoes, construct mud cabins, or weave the coarsest cloth, our want of such things may be soon supplied. All Ireland might be fed, and clothed, and lodged, as its peasantry is fed, and clothed, and lodged, with less than the tithe of their labour; and while its peasantry can do nothing better than this, they must continue with but a tithe of their labour in demand: when such wants are satisfied, we have no further occasion for labour that can furnish nothing more desirable; and the rest of their time must unavoidably be spent in idleness. It is this unskilfulness, this ignorance of every art, that is, in every poor and barbarous country, the true cause of a want of employment; from the inability to produce any thing desirable, or to produce it with a less sacrifice than the gratification it would yield is worth.

Of this important fact, that it is ignorance which may be termed the great parent of idleness in barbarous or partially civilized countries, we cannot be too fully persuaded. A glance at the different stages in the progress of a man from ignorance and barbarism, to civilization and refinement, would sufficiently demonstrate the truth of this position. Contrast the indefatigable industry of an Englishman, with the irreclaimable indolence of a savage on the coast of Africa, or an Indian of

America. In this last case, we have a man who performs every kind of labour for himself, but who is destitute of the knowledge of every art of civilized life. Here is evidently no misdirection of labour, and no glut of any one particular sort. The direction of industry to the kind of labour most wanted is complete: the individual changes his occupation from producing one article to producing another at the moment that his want of the first article is supplied. His want of occupation, then, cannot be the result of industry improperly directed. This man can build his hut, procure his food from the wild fruits and herbs of the woods, or by the chase and fishing; he can make his hunting and fishing weapons and tackle, and form his clothing from the skins of the wild animals he takes. Every thing, however, that he does is in the rudest and most simple fashion: he is unable to add beauty, finish, or splendour to any of his works; or, if able, it is only at a sacrifice of toil of an intolerable magnitude. Like the Peruvians at the time of the invasion of the Spaniards, he might perhaps be able, by the expenditure of two years of persevering industry, to manufacture a yard of cloth; that is, at a cost of more than it could possibly be worth to him. The wants of such a man, *so far as his abilities can gratify them*, or can do so at a reasonable cost, are soon supplied. The first animal he kills is, in all probability, more than sufficient for his food for the day; perhaps sufficient for several days. When his stomach is filled, there is nothing more that he can do to gratify his desires: he may wish for better clothing, better lodging, better tools; but those which he has already are the best his skill can furnish. Nothing then remains to be done but to indulge in indolence, or amuse himself in the best way he can; and such is his only resort. It is thus with every savage; and how could it be otherwise? His indolence, which is proverbial, arises more from force of circumstances, than even from habit or disposition: it is these circumstances, in fact, that have produced the habit and disposition. Neither is it from want of appetite, or sufficiently elevated desires, that his indolence proceeds, but from the want of power to gratify them. For his excesses are equally notorious with his indolence, and are sure to be indulged in whenever the indul-

gence of appetite is within his reach. Thus, it is plain, that a want of occupation, and sometimes its consequence a habit of idleness, is the unavoidable accompaniment of an unskilfulness of labour and ignorance of the arts of life.

On the other hand, skill, intelligence, and refinement, are the inexhaustible sources of activity and of indefatigable industry, which often carry men to excess. Take the case of a man highly intelligent, and skilled in the arts which distinguish and adorn civilized life. Let such a person be placed, like the savage, in circumstances where there can be no superabundance of labour of any particular kind through an improper direction given to it. This man would not be satisfied with the mere supply of the absolute wants of the stomach, shelter from the weather, or the covering of his limbs: his wants extend further. He desires food of the choicest kinds; his drink must be, not simply water, but infusions of vegetable productions, fermented liquors, or spirits. Having skill to produce such things with a moderate degree of exertion, if leisure allow, he busies himself to procure them. His habitation must be, not merely a mud hut, a cabin, or cavern of the earth, it must be of larger dimensions, of commodious and tasteful arrangement, constructed with materials neatly put together, beautifully finished, and furnished abundantly with articles of use, taste, and ornament. It is the same with his dress, his equipage, his attendance. His intelligence brings him into connexion with things unknown and unthought of by the savage; and while it bestows upon him new faculties of enjoyment, it at the same time gives him new perceptions of wants. The objects of his desires multiply. They extend from those which are of a physical to such as are of an intellectual character; the pleasures of imagination and taste are sought for; he engages in the inquiry and pursuit of knowledge, and labours in arduous and difficult researches of thought, of reasoning, and experiment. Such a man cannot be indolent. The excited mental activity counteracts the drag of sense and lethargy. The new world of ideas which opens to him, the new views of the relations of things, the astonishing secrets of the physical properties and mechanical powers disclosed to him, present attractions which are more than suffi-

cient to counterbalance the love of ease, or of frivolous or corrupt pleasures. The more his intelligence, the wider is his field of labour; the further he advances, the more distinctly he perceives how much yet remains to be accomplished, and the clearer he sees the means by which further progress may be effected. As he the more clearly sees the extent of the field of observation and inquiry, the multiplicity of objects it presents, and their nearness to his reach, the greater is the earnestness and ardour of his pursuit. In short, his labours have no end; life itself fails to give space for the accomplishment of the objects for which he wearies himself. Thus knowledge and refinement give new appetites, larger wants, and more elevated desires to be gratified, and skill to pursue and accomplish the objects of our desires; and thus it is that industry is excited to the utmost, and occupation presented to the fullest extent of the powers of humanity.

Again. Conceive the individual in question to be placed in different circumstances. Unlike the Indian, let him be placed in a civilized community, in which it shall happen that a superabundance and glut of some particular kinds of labour occurs, through an application of it to employments in proportions unsuited to the proportions of the demand in the market. This individual would still feel but little of the misfortune happening to other persons from a stagnation of business. We have supposed him to be highly skilled in the arts of life. Such a man would thus have it in his power to change the direction of his industry from one occupation to another, as the changing calls of the market should require; and, consequently, would be still able to find full employment in the new channels into which demand should flow.

As, in the infancy of art, a want of occupation is the consequence of the incompetency to furnish objects of superior quality, or to add beauty and fineness to the products of labour; so, in the progress of art, in order to find employment for the labour of a community, it is requisite that a higher and higher degree of skill should be acquired, in proportion as labour becomes facilitated and abridged. It is true, one effect of the advancement of art and employment of machinery is, to

render less manual dexterity and skill in the workman necessary. In general, it requires little skill or experience to guide and manage a machine. Sometimes that work which, previous to the adoption of a machine, could be executed only by the most skilful hand, is better done with the machine worked by a child. But, on the other hand, as labour, in the progress of art, becomes facilitated, made more efficient, and supplanted by machinery, it is necessary in order to find full occupation for the whole quantity of industry, that it become capable of furnishing articles of superior quality, of more elaborate and highly-wrought workmanship. Purchasers acquire the power to consume things of superior quality through such progress; and workmen of superior skill are consequently called for. Human desires are insatiable only as regards the *quality* and *variety* of articles. As regards their *quantity*, industry is capable of supplying them to surfeit with rude and common productions; but we are never unwilling to accept things of superior in lieu of things of inferior quality; and hence the necessity, in order to keep up the full occupation of industry, to look to the improvement of the quality of goods.

A want of employment cannot proceed from a superabundance of labour, whilst there are skill and science to direct it, and land, natural productions, or raw materials whereon to bestow it.

It is, however, a common opinion, that employment depends upon population. "In some countries," says Adam Smith, "labourers multiply so rapidly that the market is overstocked with labour, and the price falls from the increased supply." This position we cannot admit. It is true, the density of population in relation to the quantity of fertile land on which it is to be supported, increases the deduction from the gross produce of industry for rent. Again, the number of labourers in relation to the quantity of capital which is required, and which exists, to render their industry effective, affects the amount of deduction from its gross produce for profits of capital. But whilst, in these two ways, the amount of population affects the wages of labour, and may operate to reduce them, the density of population does not cause an excess of labour, so as to occasion a want of employment: nay, the

very contrary is the fact. If it were a universal maxim, that an increase of workmen occasioned a want of employment, and a reduction of wages, how is it that, notwithstanding the multiplication of the human species all over the world, employment has still been found for the people? How is it that in England, the population of which has doubled within the last fifty or sixty years, wages have not fallen, but on the contrary have doubled or trebled in that interval? In North America they have kept on increasing during a still more rapid increase of population. They are, perhaps, twice as high in Holland as in Sweden, though the population of Holland is ten times as dense as that of Sweden. If the density of population reduced wages, we should find them lower in the towns than in the country places; while the contrary is universally the fact. A density of population and multiplication of workmen, so far from lessening employment and lowering wages, contribute to render labour more effective, and to heighten its rewards, by affording the means of effecting a greater division of occupations, and by causing an enlargement of the markets. Again, the greater effectiveness of the powers of labour, acquired by means of this greater division, and by a wider combination of labour, renders works practicable which before exceeded the powers of man to accomplish; and thus enlarges the field of employment.

The fact is, every additional labourer brings, with the addition of his labour to the common stock, the addition also of his wants. He works for the supply of none but himself, and consumes the whole produce which his labour creates,—not perhaps the identical articles, but their equivalents. Thus he brings to market no more supply than he causes demand. Every shilling that he earns he spends immediately; and gives as much employment to others to earn it again, as was given to him with it.

That there can never be, under the conditions above stated, a superabundance of labour of all sorts, and that the multiplication of workmen does not lessen employment for them, is evident also from the fact that capital performs labour. It is said that capital occasions employment; and yet it is very evident that capital supplants labour: it may unquestionably be said itself

to perform labour, for it does what comes to the same thing—augments the working effect of labour. Our labouring cattle and machinery do more work than all our workmen put together could do without them. If, then, capital performs labour, how does it happen that, while it thus increases the supply of labour, and this without adding in a commensurate degree to the demand for commodities, it does not overburthen the market with goods, throw the workmen out of employment, and reduce the wages of labour? Notwithstanding that there is more labour brought to market, its effect, so far from reducing wages, is directly the reverse; and every augmentation of capital, by multiplying and cheapening commodities, raises the real reward of labour. This effect, so opposite to what might be expected, can only be accounted for from the fact, that skilful labour has the power to open to itself sources of employment, and can never be superabundant, while properly directed and offered at a reasonable price. From this fact, too, that labour in such circumstances cannot exist in superabundance, the other fact follows as a consequence, that the employment of capital, notwithstanding that it is equivalent to an additional number of workmen, does not lower the wages of labour.

It has been demonstrated by M. Say, and Colonel Torrens, that commodities in general can never be superabundant; since commodities being exchanged for commodities, one half furnishes a market for the other half; that increased production, properly directed, instead of causing a glut of commodities, gives rise only to increased production; that it is only particular kinds of commodities that can ever be superabundant; which is only saying, in other words, there is a deficiency in the supply of other kinds, against which they were intended to be exchanged; and that a glut of commodities arises from a misdirection of industry, occupied in the production of articles unsuited to our wants, or in relative excess of quantity. Precisely the same reasoning applies to industry as a whole. Commodities are but labour that *has been* performed. Excepting the raw materials, there is no other distinction between commodities and labour, than as respects time *past* and time *to come:* the one is labour already done; the other, labour ready to be done. As

then commodities in general can never be superabundant, so, upon the same grounds, labour in general can never be superabundant, while our desires are without bounds.

A great part of the commodities which are produced, is exchanged for labour of some kind or other; and it has been thought that these commodities, compared with the labour against which they are to be exchanged, may exist in excess or deficiency of quantity, and fall or rise in value, from a glut or scarcity; just as any one commodity falls or rises in value, from an excess or deficiency of supply compared either with labour or money. This is undoubtedly the case as respects any one commodity; and an excess of supply of such commodity may continue for a longer or shorter period in proportion to the durable or perishable character of the commodity, and the slowness with which the stock on hand is consumed. Having assumed a definite form, and not being susceptible of taking another form, the supply of the commodity can only be properly apportioned to the demand by stopping or diminishing the future production of like commodities. In the case of buildings, for example, an excess of them may exist for many years; because being inconvertible into other things, and being slowly worn out, even a complete stoppage to future erections could only adjust the supply to the demand as the buildings fall to decay. But on the other hand, an excess in the supply of fish need not exist longer than a day; because the stock on hand being quickly exhausted, the labour of the fisherman may in future be devoted to some other occupation. But labour possesses this property, in contradistinction to other things, that although in itself it is wholly inconvertible; yet the things which it creates being infinite in variety, an excess in the supply of one sort may quickly be remedied by stopping its future supply, and directing labour to the production of other things. Thus labour is as it were convertible; and an excess of commodities in relation to it can only be an excess of *all sorts* of commodities. But when was it ever known that any community possessed more of *all* articles of use and convenience than could be used or consumed by its members? If however we suppose, contrary to all experience, that such a case should exist, yet would the poor still

find ample employment while they were willing to work. If the rich had more commodities than would purchase the labour of the working classes, they would consume the surplus themselves. An excess of commodities in relation to labour would raise the wages of labour, and perhaps cause a loss to the possessors of these commodities in the exchange. But although a loss should be sustained on the sale of the stock on hand, the reproduction and continued supply would not necessarily be stopped. It might be stopped so far as the masters are concerned. But the workmen are still in want; and if the masters refused to continue to carry on a losing business, the workmen would work for themselves, and reproduction still proceed, though in a somewhat different channel. On the other hand, if the rich possessed too few commodities to purchase the labour of the working classes, these classes would still be able, in like manner, to occupy their time in creating articles for their own use, instead of exchanging them against the things possessed by the rich; and this as long as they should be willing to work.

From the views now taken, we are enabled to judge of the effects of competition on labour: to which we now proceed.

It is plain, that as the multiplication of workmen does not diminish employment, competition amongst them cannot deprive them of work. Every description of labour, *taken by itself*, is exposed to competition in the market; and, as it is liable to be in too great or too small quantities, in relation to the demand for it, so its workmen are liable to be deprived of this kind of occupation, and to have their wages too high or too low in relation to the wages of other labourers. But with labour *as a whole* it is different. The competition of labourers amongst themselves, though it deprives some of particular occupations, does not diminish employment on the whole, or take away the means of gaining a livelihood by other kinds of labour. Employment is inexhaustible, and cannot be lessened by such means. An excess of workmen in any one class is not absolute, but relative. The workmen of different trades are customers of one another, and the evil would be remedied by increasing the number of those workmen who are its customers. Exces-

sive competition, and its consequence, an unnatural depression of wages, in one kind of labour, is only another name for a want of competition and an unnatural elevation in the wages of other kinds of labour. If the wages of one class are lower than they ought to be, the real remuneration of all those who are its customers, and who thus purchase things at prices below their real worth, are higher than they ought to be. Again, the competition which depresses wages in one branch and cheapens its commodities, occasions a saving in the expenditure of the consumers, which is available for an enlarged expenditure elsewhere; and thus the competition raises up an enlarged demand for other commodities, in the measure of the saving and loss of occupation which it at first produces. Hence, the excessive competition which drives a workman out of an employment, at the same time offers work and a premium to his engaging in many other employments in which more work is thereby created, and in which wages are relatively too high.

Competition amongst workmen has no tendency to lower the rewards of labour *on the whole*. Competition has no tendency *to lessen the produce* of labour: on the contrary, it is "the soul of industry, the animating spirit of production." Its effect is to stimulate industry to greater exertions, to multiply commodities, and, like the power of gravitation on the atmosphere and ocean, to fill every vacuum in the market. Consequently, industry on the whole, that is, taking to account all its classes, and including consumers as well as producers, cannot lose, except in those cases where land and capital gain. Every workman sustains a double capacity—of producer and consumer. He consumes as much as he produces, and is as much exposed to injury, or to gain an advantage, in one capacity as in the other. As much as competition amongst the labourers of any one class may, in the exchange of the products of its industry for the products of the industry of others, lower the rewards of their particular kind of labour, by so much must the rewards of the labour of these other classes, between which the exchange takes place, be thereby increased. The terms of the exchange between the parties, though of moment to each separate interest, is of none as respects the whole; and hence competition is no hardship or injury to the public.

The only hardship on industry of competition arises from *an inequality* of its action; that is, when the workmen of one class are severely exposed to it, while the workmen of other classes are exempted, or affected only in a slight degree. If competition operated *equally* on every class, the advantage which each would derive as consumers from the effects of competition amongst the workmen of others, would exactly measure and correspond with the disadvantage itself experienced from competition acting to an equal extent amongst its own members. Each would have to work for the public at nominally low prices; while its members forming part of the public, each in return would be worked for by all the rest at prices correspondingly low. In such case, the advantage and disadvantage being equal and reciprocal, the consequences both to the public and to individuals would be the same as though no such competition existed. But when one class is compelled by competition to work for the other classes at low prices, whilst those others are not obliged to work equally low for it, the disadvantage is all on one side, with all the advantage on the other; and the suffering so occasioned to that one class may be severe. Its remedy, however, cannot be mistaken. It is to draw workmen from its own over-numerous class, and with them to extend competition to the others, for the two-fold object of relieving the excess of workmen in their own class, and of cheapening the goods of the other classes which they have to purchase. Such change in the action of competition, although it should happen not to raise the money wages of this class, must, notwithstanding, raise the real reward of its labour by cheapening the commodities on which those wages are expended.

Thus competition, which men dread as ruinous to trade and industry, is its safeguard; not lowering wages, but tending to equalize them. Without it, there would be no check to the impositions and extortions which the self-interest of men when unrestrained would infallibly practise upon one another. Competition, however, affords them a natural and efficient protection, infinitely more complete than any system of law or municipal regulation could do.

The fact that competition amongst workmen does not tend to reduce the wages of labour, presents a peculiar and im-

portant characteristic of labour, in contra-distinction to both capital and land. With regard to capital, in the competition amongst capitalists, every addition to capital tells wholly to the disadvantage of its owners. It is the same with land. Competition tends to throw it, if one may so speak, out of employment; for without the co-operation of labour, it would be unproductive. It is true, the competition which lowers profits and rent tends, in a small degree, to the advantage of other capitalists and landlords. But, since these individuals are few in comparison with labourers, the great advantage goes to labour. So, on the other hand, when the competition of labour, between its own members on one hand, and land and capital on the other, turns to its disadvantage, the labourer alone suffers, and this without remedy. An increase of population, without a corresponding increase of capital, and of fertile land, or effectiveness of labour, would tell all to the disadvantage of labour. If this competition be with only one class of workmen, as for example, the agriculturists, no other class of workmen can gain by such competition: what is lost on one side by labour, is gained on the other by landlords or capitalists. But though such state of competition between labour on one hand, and land and capital on the other, lowers the rewards of labour by raising rents and profits, it cannot occasion a want of employment. On the contrary, the more necessitous the people become, the more imperative is industry upon them to lessen the pressure of their poverty.

The effect of this competition between labour on one hand, and land and capital on the other, by which a variation is occasioned in the proportions of the product of industry which go to the labourer, the landlord, and capitalist, must evidently be according to the share which each of these parties contributes to the product. Although no labour can be accumulated unless there be some raw material or natural product whereon it may be bestowed, and some small quantity of capital used about it, yet, in many kinds of labour, especially the finer works of manufacture and art, the quantity of raw material and of capital is so small in proportion to the labour bestowed, as to be not worth notice. For example, the price of a picture, or the

share of that price which goes to the painter, can be very little affected by high or low rents or profits. Whether the land from which the materials of his canvass, his colours, and utensils, were procured, was let at twenty shillings or at forty shillings the acre; or whether capital, of which these articles are part, produce ten or twenty per cent. profit; can make very little difference in the rewards of the industry of the artist. On the other hand, in articles on which little labour is bestowed, and a greater proportion of the whole effect is contributed by land and capital, high or low rents and profits have a more considerable influence on the condition of the labourer.

The co-operative system of Mr. Owen, of New Lanark, about which so much stir was some time since made, and so ineffectually, proceeds on the supposition which has been here contended against, that machinery and the competition amongst workmen cause a reduction of wages, and throw labourers out of employment. The views which have been now presented are sufficient to take from this system the grounds on which it is supported, and to show that it is impossible that industry on the whole can be thus injured.

The cotton manufacture has been often adduced as a striking example of the pernicious effects of machinery and competition. No doubt the work-people in this manufacture, though now in good circumstances, were some time since very much depressed by the improved machinery and excessive competition in that branch of occupation. But did the public derive no benefit from the consequent abundance, excellence, and cheapness of cotton goods? While the injury fell on a comparatively few persons, the advantage was universal, and extended to every other individual in the community. Again, it is of a permanent character, and must extend to all future generations. The capitalist has evidently gained nothing by the machinery; for his profits are unprecedentedly low. While, then, the capitalist has not gained, further than in his quality of consumer, from the increased quantity and excellence of the goods, how is it possible to conceive otherwise than that industry on the whole, the great consumer, must have derived benefit, instead of injury as supposed, from this machinery and competition? As regards

general happiness, however, it may perhaps be that little or nothing for a time was gained. Intense suffering in one part is more keenly felt than the slight though extensive gratification which resulted through the other parts. But this evil was only the temporary result of the change, and is common to all advancements in the powers of industry. When work-people adjust themselves to the new state of things that arises, and distribute themselves in the different employments accordingly, the public advantage resulting from this machinery becomes evident in its full extent, and without alloy.

But there was no necessity to load machinery and competition with opprobrium in order to account for the depression of wages in the cotton and silk manufactures. An adequate cause was to be found in the crowds of pauper children with which these manufactures were deluged. It is enough for any trade that it be supplied with the children of its own work-people, with such casual additions to it from other classes as happen in the natural and ordinary course of things. But when in addition to both these, shoals of children from workhouses were sent exclusively thither to work at one occupation, it would be wonder if anything else but a superabundance of work-people should be found. The object of overseers, instead of being to avoid deranging business, and to distribute the children intrusted to their charge fairly amongst the different occupations, but more especially amongst those in which combinations of workmen exist, and wages are too high, has been to get rid of them in the quickest and cheapest way, without regard to ultimate consequences. It is impossible too strongly to deprecate this narrow and false economy, or to enlarge too much on the heavy responsibility which rests on those who adopt a practice so fraught with cruelty and impolicy.

In the second place, a want of employment is very often the consequence of an unsuitable application of industry. Although labour is of such a nature that it never exists in excess *as a whole*, or suffers as a whole from competition amongst workmen, yet labour of *every particular description*, like commodities of particular kinds, is continually liable to be superabundant. Its excess of quantity occurs because it is improperly directed;

the products created are unsuited to the existing demand of the market, and there is more of *some particular sorts* than there is occasion for. It is however a necessary consequence, when some occupations are over-burthened with workmen, that others have not enough. The want of employment in some trades, thus occasioned, is most commonly the unavoidable consequence of a want of knowledge and skill in the workmen, sufficient to enable them to transfer their labour to those other trades the products of which are in request. Sometimes the difficulty of changing is created or enhanced by the obstacles raised in the way of embarking in other occupations, resulting from law or customs of trade, or of parochial settlement. The law of settlement, now however amended in a measure, has heretofore checked the free migration of labourers from place to place, as the shifting demands for labour required their removal, and in place of it fixed them in masses to particular localities, whether employment in that spot existed for them or not. It equally prevented the employment of industrious workmen in parishes where they had no settlement, by forcing the employers to find work for their own settled labourers, however idle and unworthy. But from whatever cause an improper distribution of labour in its several departments may proceed, the mischief is the same.

The want of an equilibrium between the supply and the demand of this labour causes a glut of the commodities created by it; and produces, together with a want of employment for the workmen, an inadequate remuneration for their labour. In the continually changing scene of life, we often find labourers in some branches of industry out of employment, ceasing to contribute to the general stock of the community, while they are a burthen upon it; or, if they continue at work, they produce only things which are not wanted, through the superabundance of similar articles already existing.

The third circumstance mentioned as sometimes occasioning a want of employment is, that the price of labour is not low enough for the existing state of the market, and such as to allow of the means of the employers of labour, or purchasers of the products it creates, to take off the whole quantity of

that particular kind offered. The inertia of ignorance is the vice of uncivilized life; the inaction produced by a demand of too high a price is the vice of imperfect civilization, and is to be found in countries where skill and knowledge exist sufficient to afford full occupation, but where an excessive selfishness mars the advantages they would otherwise confer. From the effects of this last vice, industry in savage life is free; because in it there is no distribution of employments. The inconvenience arises in a more advanced stage, through the division of employments, the interchange of commodities, and the sale of labour, which then take place. The demand of a reasonable price for labour is an essential condition of full employment. However skilfully labour may be applied, and however well it may be distributed in the different occupations, according as their products are in request, these are not enough without it. But this reasonable price must not be understood with reference to any justice of the case, or relation of the labour to other kinds of labour; but solely with relation to the sale *of the whole quantity* of that particular kind of produce which is offered in the market. In some states of the market it may be double or treble the price of other similar kinds of labour, and yet not be too high; while in other states, it may be only half that of other kinds, and still higher than can admit of a sale of the whole.

The cause of a suspension of industry is most commonly to be found in an alteration of prices which has taken place—either a fall in the price of the finished goods, or an addition to the cost of producing them; whereby the master is prevented from going on with business, unless expenses are lowered to suit the new prices of the market, and afford him his accustomed profit. That which induces the master, at one time, to extend his business, and put on an additional number of hands, is his expecting to obtain a profit by so doing. At another time, he contracts his business and discharges his men, because he finds nothing can be got by employing them at existing prices. In the one case, wages are low, and in the other high, *in relation to existing circumstances;* though perhaps, in both instances, the same number of shillings per week.

When the cost of production equals or exceeds the sale price of the finished goods, it is obvious that the masters cannot proceed, and their demand for labour must be suspended, until the relation between the cost and the price shall be so changed as to admit of a profit on the business. The suitable relation may be re-established either by a rise in the sale price, or by a lowering in the cost of production. Persons in business usually ascribe a slackness of employment, and of demand for goods, to a want of money, seldom considering that this slackness takes place because prices are higher than purchasers can pay. Hence their endeavours are directed, not so much to lower the price of materials, wages, and profits, to the level of the means of purchasers, as by a suspension of production to diminish the supply of goods. Yet when we reflect that the slackness of demand for goods proceeds from the poverty of the purchasers, it must appear that a suspension of production is but an awkward expedient for restoring that demand and bettering the condition of the men. A suspension of business in any trade, not only deprives the persons engaged in that trade of their daily livelihood, but it curtails the means of those persons who had been accustomed to supply this trade with materials, and the articles on which their wages and profits were expended. Again, this curtailment of the means of these last persons, tends to curtail the means of a third set of persons, who had been in the habit of supplying *them* with goods of similar kinds; from these last the mischief extends to a *fourth* set, and so on in an uninterrupted succession, until every member of the community has suffered more or less the injurious effects of the suspension. Now these are the very parties that are the purchasers of the goods of the trade in which the suspension began, and through whose revious poverty alone it was that a slackness of demand was occasioned. If any workman should doubt that a slackness of employment most commonly proceeds from wages being too high to admit of full employment, let him offer to work at some considerable reduction of wages. Masters would then be soon found eager to employ him at such wages; for the reduction they would thereby be able to make in the sale price of the goods would occasion an increased demand for them. The

complaint of the workman would then change, from a want of employment, to a want of suitable remuneration for his labour; and this is the only alternative of a relative excess of labour in any occupation, from which it is impossible the workman can escape without abandoning the occupation; it is either insufficient work at adequate wages, or sufficient work at inadequate wages. But this want of employment is not the effect of a natural superabundance of workmen; it is the artificial result of labour or profits charged higher than the means of the purchasers allow to take off the whole quantity of the particular kind offered. The means of the purchasers must be met; not only their means, but their inclinations also. They must be met either by lessening the quantity offered, or lowering its price.

Though the desires of men are unbounded, their means of purchase are limited. If they were necessary, great sacrifices would be made to obtain the first supply of our wants. As urgent wants become more and more satiated, the sacrifice which men are willing to offer for a further supply becomes gradually less, until even a small sacrifice is refused for what in other circumstances would have afforded a high degree of gratification.

The mischievous effects of demanding too high wages or profits in a particular trade, would appear more evident if we consider what would be the consequences of too high a demand in all occupations together. In such a case, a portion of the workmen in every trade would be unemployed; and as no person could purchase anything except on disadvantageous terms, it would be the interest of every one, as much as possible, to dispense with the services of others, and to perform for himself as many kinds of work as he could. The different tradesmen would thus be deprived of a part of their customers, and the division of employment, with its resulting advantages, be greatly curtailed. It is as contrary to the interest of the producer as it is to the public interest, to demand a price which exceeds the power or the interest of purchasers to give; since it lessens the emoluments which a more reasonable demand would have procured. While it produces an unnatural congestion of the

productive powers of industry, checking and suspending its exertions by occasioning a want of employment, and thus diminishing the quantity of the produce of labour, it at the same time deteriorates its quality when exerted, by lessening its efficiency through contracting the extent of the division of employment. On the other hand, the demand of a moderate remuneration, and the interchange of commodities on equal terms, give occasion to carry the division of labour to its greatest extent, and afford full scope for the exertions of industry. The cheapness of a commodity in relation to other commodities induces a larger expenditure upon it. Consumers curtail their expenditure on dear articles in order to indulge it more largely on those which are cheap.

From these views of the causes which produce a state of things in which industry cannot fully exert its powers, it is easy to answer the inquiry as to the remedies for so unfavourable a state.

That conduct both in the masters and workmen which consists with the public interest, is the forbearing to require higher wages and profits than will allow of the disposal *of the whole quantity* of labour or goods offered in the market: they are at liberty to demand this, but not more. And never remaining unemployed while work can be had, however low those wages and profits may be. The master would do wrong to submit to a positive loss, and suffer that capital to be dissipated which gives efficiency to the labour of his men. But if a small profit can be had, it were better that it should be procured than that the capital and labour should remain wholly inactive, and the mischief of a suspension of industry extend itself through every class of the community. Independently of views of public good, it is better even for the producers to get some wages and profits, though low, than none at all; while it is very obvious that every reduction in price must be to the advantage of the consumers. The public interest, however, does not consist in depressing any class of workmen below the level, which the full employment of their time, and the free competition in the market, naturally establish. On the contrary, its interest consists in cherishing every class; and if any one be depressed below

another, that its superfluous labourers, who are the cause of the depression, should be transferred to those classes whose emoluments are above the common level, and the products of whose industry are too scantily supplied, and too dear to consist with the interest of the consumers. The public are in want of men for these branches, while here are superfluous hands offered from other branches. It were to be regretted that such an opportunity should pass without being seized. The proper object of the workman, then, is the acquisition of sufficient skill to follow some occupation in which the rate of wages is high; and the rational object of combination amongst them too, is, not to maintain labourers in idleness, but to aid in transferring their superfluous number from those branches of industry in which they exist in excess, to branches in which they are too scanty. Such seems to be the object when excess or deficiency is permanent. But if these be temporary only, and a temporary transfer cannot be made without loss, the public interest is promoted by going on with work, however low the wages may be.

There are some occupations which can only be followed at certain seasons of the year, and under favourable states of the weather. In Norway, during the long winters of that country, weaving and other in-door occupations are carried on by the same men who during summer are engaged in the labours of husbandry. If some similar custom prevailed in our own country, it would prevent the loss of time which is occasioned in some occupations from temporary cessations of employment. To be able to follow two dissimilar occupations, one of which might admit of being carried on at seasons when the other could not, would be of important service to many of the working classes.

From the views now presented we cannot mistake the effect of combinations in trades to keep up wages and profits. The object of these combinations must be to keep up wages and prices *above the natural level* at which the unrestrained competition of the market would adjust them; for, as no combination is required to maintain them at this level, the combination would be without an object, if it were not to raise or maintain

them above it. Such combinations, falsely called for the *protection of trade*, are really made for extortion from the public, and oppression on other workmen who are desirous of engaging in the occupation. As the means of purchasers must be met, and as, when these means are inadequate to purchase the whole quantity of labour offered at existing prices, prices must necessarily be lowered, or a part remain without demand, the inevitable consequence of such combinations, so far as they go merely to maintain wages and prices without lessening the supply of labour, is to cause a want of employment. When the workmen are thus but half employed, what is it but the natural result of an unjust attempt to procure a large portion of the labours of other men with a small portion of their own; a futile endeavour to enrich themselves at the expense of others? and their distress is only the legitimate and deserved punishment of extortion, brought on themselves by their own cupidity.

Were the benevolent and expansive views of Christianity adhered to by the workmen, they would afford, under such circumstances, a rule of action in perfect accordance with enlightened views of political economy, which if acted on would prove highly beneficial to the community, and not without some reciprocal good even to the workmen themselves. The precept to do good to others is as binding on the poor man to the extent of his means, as it is upon the rich. His duty is to do good to all when he has it in his power. Rather than stand idle, because accustomed wages cannot be procured, the duty of the workman is to occupy himself in contributing to the enjoyment of some one or other in this world of need. The rich, notwithstanding their wealth, have only a certain sum that they are able or willing to devote to certain branches of expenditure. It would be well if the workman, when employment is slack, would give them somewhat more work for their money than he does: much more money he cannot procure, for they have it not to give. More important, however, is it that the unemployed workman should endeavour to serve the poor who stand in need of his good offices than the rich who do not. Without pecuniary sacrifices there are things with which he could supply the poor, and which would contribute greatly to their comfort, and detract but little from

his own, though he should get but small remuneration for them in return.

As respects the state or the magistrate, the inquiry as to the remedies for that condition of things in which industry is cramped, is equally easy to answer. It is to allow to industry the utmost freedom of exertion; subjecting it to no regulations, except such as have for their object, either to facilitate its labours, or to prevent fraud, violence, or annoyance. When, from change of circumstances, industry becomes embarrassed, it may chance to right itself, if its natural powers are allowed scope to exert themselves. But if it be enchained by restrictions and regulations, and the field of its exercise circumscribed, its case is desperate. Every facility which can be given for changing from one occupation to another, by which the overburthened state of particular trades may be relieved, as exigences require, and the workmen enabled to betake themselves to the production of articles called for by the wants of the people;—every measure by which the market may be enlarged, from which the fluctuations of demand and supply may be lessened, and prices made more steady;—every such facility, and every such measure, is a benefit of inestimable value to every class of the community, by increasing industry to the utmost. On the other hand, if this view of our subject be correct, it follows, that all those regulations and restrictions which have been established avowedly for the benefit of trade, and for enriching the state, and which have raised prices, and keep them up to the highest point that the means of purchasers allow;—which have fettered the transfer of industry from one employment to another, by the institution of apprenticeships, the creation of exclusive privileges and monopolies in favour of particular places, or classes; so far from benefiting industry on the whole, and advancing the public interest, have operated directly in opposition to the general welfare. The same pernicious consequences have followed from those falsely called *encouragements* to particular trades, that have fettered and regulated commercial intercourse, by prohibitions, duties, and bounties, and which have narrowed the market for produce, and given an unnatural and forced direction to industry, necessarily disadvantageous, since the only effect of force can be to compel

that to be done which would not otherwise be done, and which would not be done because it is disadvantageous. To such measures, as to their true cause, are to be ascribed the constant recurrence of gluts of particular commodities, the hazard and extreme uncertainty of business, the unequal remuneration of labour in different places and occupations, the general poverty of its amount, and the want of a full employment for the labourer.

The effects which result from taxation imposed upon objects of consumption, are similar to those that follow from a high demand of wages or profits; and therefore need not any lengthened observations. When the consumer is required to make a greater sacrifice to procure a commodity than he is able or willing to do, and consequently dispenses with its use, it is the same to him, whether the larger demand be occasioned by exorbitant wages or profits, or by a demand of taxes. The consequences are likewise the same to the producer; in that the article remains unsold, and no further employment can be obtained by the workman. Let the case be supposed of a harvest yielding double an average crop, occasioning a glut of corn, and a consequent depreciation in its value. The people are able, and probably willing, to give for the whole harvest as much as they have been ordinarily in the habit of giving for the whole harvest in other years; more than this, it is most likely they cannot give without curtailing their expenditure in other articles to a painful extent; and hence it is not likely they will give more. There is only a certain quantity of corn which we can consume in the shape of food, and the rest, if consumed at all, must be drank in the shape of malt liquors and spirits. But on these liquors and spirits duties are imposed *according to their quantity;* and thus, if we drink more of them, we must pay more taxes. If they were free of duty, let the quantity of grain be double what it commonly is, it would still be possible for the consumers to take it off in ale and spirits; since the double quantity would, in all probability, sell for no more money than the single quantity ordinarily does. But if more taxes are to be paid besides, the people have not the ability to bear these; for they are more than they have been accustomed to pay, and the corn, in consequence, either remains unsold, or can only be sold at such a de-

preciation of value, as that the whole quantity of grain sold, with its superadded amount of duty on its greater quantity, shall not be a larger sum than the whole sale price of other harvests with the superadded amount of duty on their smaller quantity. Had the duty been *ad valorem* this inconvenience would not have resulted. Consequently, the larger amount of duty paid after an abundant harvest, is a deduction from what ought to be the profits of agriculture.

Take the case of the building business. For some years past, it has been hardly possible, except under the most favourable circumstances, for a builder to erect a house and realize a profit on its sale: the sums for which houses have sold, being inadequate to the cost of building them. He might go on if this cost were reduced in proportion to the reduction which has taken place in the sale price of houses; but not otherwise. Now the cost of erection is made up of the price of materials and the wages of labour; and in the price of materials is included the duties on timber, bricks, window-glass, paint, and other articles. It may be said that his business is stopped, either by high wages, or high duties; for it might go on, either by an adequate reduction of wages, or by a repeal of these duties, whereby a saving would be effected in the expense for materials.

There are some occupations in which the workmen are liable to temporary cessations of employment, notwithstanding that their work is not exposed to injury from keeping on hand, and which might go on if the masters could find capital to make the necessary advances, and to hold the goods in store until a market should offer. An abundance of capital, and a low rate of interest, are favourable to procuring permanent employment to the workmen in such cases. Facilities for procuring loans, and for giving the proper legal securities for repayment, have the same beneficial tendency.

Since one great cause of the want of employment amongst workmen, is to be found in their requiring higher wages than the state of the market allows, this cause operates in a stronger or more feeble degree, and consequently a want of work is more or less prevalent, as the case exists of a falling or rising market. This falling or rising market may proceed, either from a change

in the relation of the demand to the supply of the peculiar article itself, in which the change of price takes place, or from the more extensively operating, though less perceptible cause, of a change in the value of the medium of exchange. Again, this change in the value of the circulating medium of a country may proceed, either from an enlargement or contraction in the issue of its paper currency; a change in the weight or fineness of the bullion contained in its coined money; or from a change less observable, though not less real, in the value of the precious metals themselves. Once more, this last change may proceed, either from some cause operating on the value of these metals all over the world, or from some change in the facility or difficulty of producing exportable commodities by the particular country itself, by which its power of purchasing these metals in the general market of the world is enlarged or contracted. But from whichever of these causes the fall or rise in the value of the currency may proceed, a strikingly beneficial change and stimulus to industry and the progress of wealth, has been generally observed to take place on a depreciation of its value.

The effect of a depreciation in the value of money, is, to cause prices generally to rise. But they do not all advance simultaneously and in a corresponding degree. The prices of most kinds of goods rise more readily than wages. If every thing rose simultaneously and in a corresponding manner, neither good nor bad consequences would ensue from the change. In business, it is not actual prices, but their relationship to each other, that is of importance. When, however, the prices of goods have accommodated themselves to the depreciation, and wages have not, labour has become cheaper, the profits of the master's business are raised, and through the expectation afforded to him, that he will realize a profit on increased production, he readily offers full employment for all the labour that can be procured on such terms. It is easy to raise wages, as an increased demand calls for greater exertions of industry. But to lower them is exceedingly difficult; through the obstinate prejudices and mistaken views of self-interest entertained by the workmen. When an imperceptible change has rendered wages too high for the market, the workmen do not perceive the propriety and reasonableness of

reducing them; they will not consent to their being lowered; and they thus stand idle, notwithstanding that in all probability the consumer is really incapable of paying their demand. When the wages of all classes are imperceptibly lowered, through a depreciation of the currency, such branches as were not previously too high, advance after a time; while such as were too high before, remain subject to the depression; the men being unable to obtain an increase, through the slackness of employment for them. In this way, a more exact adjustment of wages to the prices of the finished goods is brought about, a suitable profit is insured to the masters in all the different employments of labour; and by an imperceptible but effectual process, preventing a higher remuneration being demanded in any department than the state of the market allows, all the different departments of industry are brought into full activity, and afford a mutual stimulus to each other.

On the other hand, a rise in the value of money disturbs prices in a much more effectual and irretrievable manner, than a fall in that value; and, accordingly, is of exceedingly mischievous consequences. So far from a facility being thereby presented in effecting a more exact adjustment of wages and charges of production to the state of the market, it is found to increase the disparity already subsisting, to produce a disparity where none existed before, and of consequence to occasion the most extended mischief. It is true, in the progress of time things adjust themselves to the change; and hence the evil is only temporary; but during the progress of the change, industry is paralysed and reduced to distress.

This effect and the truth of the position, that one main cause of the want of employment amongst workmen, is their demanding a higher rate of wages than the state of the market allows, if all are employed at such rate, have been very strikingly exhibited in the actual state of Europe, but particularly in that of England, and in some measure of North America, since the termination of the last war. In both these countries, and especially in Great Britain, an unusual and extraordinary want of employment for the working classes has been experienced. So far as England is concerned, I am persuaded, that the scarcity of em-

ployment, and slackness of business, during the period in question, is to be ascribed to nothing else but a fall of prices, occasioned by a rise in the value of the currency.* The prices of some things have fallen, but not of others; and the fall in wages, and the cost of production, has too slowly followed, and not equalled the fall in the prices of finished goods. During the progress of the fall the masters have continually suffered a loss on the stocks on hand, and their means have been curtailed, and their expectations damped, as to future profits. Hence the real cause of the stagnation of business: the masters could not go on without loss, and the workmen would not enable them to proceed by lowering their wages in the ratio of the reduced prices of the finished goods. The stoppage of one branch of business has given a check to perhaps twenty others; a stoppage again in one of these last has reflected its mischief back upon the first as well as others, and so from one to another the injury has been passed on till the whole country has become paralysed. But when more than half of their customers have had their incomes reduced in one way or another, former prices could not possibly be maintained without materially contracting the quantity of goods sold. The power of paying those prices has been taken away, and the vain attempt to sustain them has impoverished alike those who made the attempt, and the consumers against whom it was made. The workmen think it their interest to procure high wages; but it is against their

* "From tables of average prices drawn up by the Board of Trade, and printed in the Appendix to the Report of the Select Committee on the Bank Charter, 1832, it appears that on a comparison of the prices of the principal necessaries of home production, viz. wheat, meat, coals, iron, cheese, and butter, in the years 1819 and 1820, the average fall on that interval had been 35 per cent. In the principal articles of foreign importation, viz. sugar, coffee, hemp, cotton, tallow, oil, timber, and tobacco, the fall had been near 40 per cent. This relates to raw produce only. But the reduction in manufactured goods has been much greater; on the average, certainly not less than 60 per cent. On the whole, therefore, the gross average fall in the prices of the principal articles of consumption, raw and wrought, can scarcely have been less than 50 per cent. In other words, the purchasing power of money has doubled between 1819 and 1832." Polit. Econ. by Mr. Scrope, p. 408.

interest to demand such high wages as render the cost of production equal or greater than the sale price of the finished goods, and thus compel the master to suspend business. The workmen are interested in their masters' success; and if they would cordially co-operate with them to bear the burthen of adverse circumstances, or to avail themselves of prosperous opportunities, they would find it mutually advantageous.

From the circumstance that a want of employment is not the consequence of a great number of workmen, or of their working too much; and that for one man to be industrious is not, as is commonly imagined, to deprive another of work; the impolicy must be apparent of those regulations amongst workmen which limit the hours they shall work. Hence, too, the consideration forcibly presses upon us, that every man ought fully to occupy himself in some business or service, of use either to himself or others. If he be so rich that he is himself in want of nothing, there are others who are in need of every thing; and that time which is now spent in idleness, or listless dissipation, would surely be far better spent, and perhaps in a manner scarcely less agreeable, in doing something for the benefit either of the public or of individuals, in acquiring or producing some article to relieve the necessities or contribute to the comfort of those around him. When we contemplate man endowed with every faculty, adapted in the most exquisite manner for exertion, and observe in the world around us that universal economy with which nature attains her desired purposes with the fewest materials and at the least expense, we are tempted to ask, was it intended that man should be idle, and the powers bestowed upon him be used to no purpose, at a time when poverty and misery surround him on every hand, and meet him at every turn, as if to upbraid him for his inaction, and arouse him to exertion?

If it be true that employment depends on the skill of the workmen, the proper direction of their industry, and their demand of no higher wages than are consistent with the means and inclinations of purchasers; and if it be true, likewise, that competition amongst workmen has no injurious effects upon them, when we take every class of workmen into view, and each

in his double capacity of consumer as well as producer; since, while on one hand competition operates against a man as producer, it operates favourably to him as consumer on the other, it follows, that the prospects of the workman are more cheering, and thus he is in many respects more independent of his employer, than he commonly believes himself to be. He is proprietor of that which is indispensable to the acquisition of every object of wealth—labour. Capital and land are not more indispensable than labour; and there seems little reason for accounting the proprietors of the two former as independent, while the proprietors of the latter are called dependent; when, in truth, their conjoint operation is necessary to furnish our supply. Independence consists chiefly in the magnitude of income, and not so much as is often imagined in the source from which it is drawn.

From the consideration of the circumstances attending the exercise of labour, and the means by which full scope may be given to that exercise, we pass to that of the employment of capital.

But as the term *capital* is used on different occasions, sometimes in a wider, and at others in a more restricted sense, according to the different views and objects of the persons using the expression, it is proper to give an idea of what is meant by the term as it is employed in this work. For this purpose it seems requisite to enumerate the different kinds of objects which compose our property, with the view of showing which of these are, and which are not, to be signified by the term capital.

CHAPTER VI.

OF PROPERTY, AND ITS CLASSIFICATION.

PROPERTY may be distinguished as of two kinds;—1. That which is not in any way the result of human agency; and, 2. That to which human labour has been contributed in a greater or

less degree, or which is in some way or other the acquisition or production of industry.

Of the first kind are, land, mines, and fisheries;—the natural and original sources of wealth; the gifts of the Creator to man; which are not themselves the result of human agency, but whence industry draws all our supply of the necessaries and conveniences of life.

All the other objects which comprise a man's property, are the produce in some way or other of human labour, which has been exerted on materials furnished by nature, and been aided by its generative and other powers, directed in their operation by the agency of man. These objects are expressed by the general term of stock. Some are the acquisition or production of the industry, and the accumulation of the providence, of the individual owners, and some the results of the industry of their ancestors, or of men who have lived before them. The characteristic of stock, then, is that it is the produce or acquisition of industry.

Again, the stock which a man possesses may, likewise, itself be distinguished as of two kinds. First, those things that are intended for the use of himself or family, and for consumption, either wholly and at once, or in a more or less protracted period of time, and which have no reference to reproduction of any kind. These have been denominated his revenue. Secondly, those things that he employs or intends to employ in industry, for the purpose of further acquisition or production, and which are called his capital.

The general stock of any country or society is the same with that of all its inhabitants or members, and is naturally separable into the same two divisions; each of which has a function or office distinct from the other.

In the first portion, or revenue, of a society, is comprised the stock of food, clothes, household furniture, and the like, in the hands of their proper consumers, but which are not yet entirely consumed, and are not intended for use or consumption while these persons are engaged in industry. Dwelling-houses, when they have been disposed of by their builders, and not occupied for the purposes of business, make a part of this description of

stock, as well as places of public worship, hospitals, prisons, with such objects likewise as, though not always, strictly speaking, of use, yet serve as ornament or decoration, and afford interest or amusement by gratifying taste or caprice. Of this kind are, pictures, statues, and other works of elegant art, books, and musical instruments. Of the stock reserved for consumption, that which consists in houses is most slowly consumed. Clothes may last several years; furniture perhaps half a century; but houses well built and properly taken care of, may last for a much longer time. Though, however, the period of their total consumption is more distant, they are still as much a stock reserved for consumption as food, clothes, or furniture.

The fact of revenue being derived, or derivable, from different kinds of stock, is not of moment as regards the present classification; and, accordingly, it is not the circumstance of affording a pecuniary revenue to its owner or not, that constitutes the claim of an article to be classed as capital, or, simply, as stock devoted to consumption. Both these two portions of stock may afford a pecuniary revenue to their owners, by being let out to other persons for a rent or hire; or they may contribute either to the personal use or comfort of the owner or his family, by being retained in their hands, or render assistance to their industry in the acquisition of further objects of property. When the stock which a man possesses is no more than sufficient for his own present use, or to maintain him for a short period, he can seldom derive any pecuniary revenue from it. He uses or consumes it sparingly, and endeavours, in the mean time, to acquire other things which may supply its place before it be consumed altogether. His revenue, in such case, unless it be derived from land, is acquired by his labour only. This is the state of the greater part of the working classes in all countries. But when a man possesses more stock than is sufficient for his own immediate use, or enough to maintain him for months or years, he endeavours to derive a revenue from the greater part of it, by letting it out to others, or employing it in the shape of capital, reserving only so much for family use or consumption as may be sufficient to last till some of his further revenue comes in.

The rent or hire derived from articles of the first portion of stock, on their being let out by their owners to other persons, although it adds to the revenue of the individual owners, adds nothing to the revenue of a nation. Such articles produce nothing like what is paid for their hire. A dwelling-house is, doubtless, exceedingly useful, and adds much to the comfort of the occupant. Herein consists its production, or the good it confers; but it produces nothing beyond this. As much as its rent may add to the revenue of the landlord, so much does the tenant incur expense, and must draw upon some other revenue in order to pay it: the deduction on one hand equals the addition on the other. The more numerous and the more commodious the houses in any neighbourhood may be, the greater, probably, will be the comforts of the inhabitants from being well lodged; but let the number of houses be ever so great, the revenue of the whole body of the people cannot be increased thereby. Clothes sometimes yield a revenue to their owner. Court and masquerade dresses are let out for the occasion. Upholsterers very commonly let furniture to hire. Persons let houses and lodgings furnished, and procure a rent, not only for the houses and lodgings, but for the use of the furniture. Carriages and horses are let, as well as many other things, which it would be needless to particularize further. But such articles, as they have no reference to industry, form part of the expense of the people, and not of their revenue; and as the revenue derived from them must always be ultimately drawn from some other source of revenue, to consider such things as adding to the national revenue, would lead to estimating revenue twice over.

It is different with regard to articles which belong to the second portion of stock, or capital, of a community; of which we shall now speak. These are an original source of revenue, not only to their owners, but also to the borrowers, and afford the means of payment of the hire that is sometimes paid for their use.

This second portion of stock is not, in its last end, for use or consumption to serve the purposes of present enjoyment, but for use or expenditure for the purpose of reproduction. It comprises all those parts of our property that are in any way the

result of human agency, or in the acquisition of which labour has been exerted, and which are intended, not in their ultimate object for enjoyment, or the supply of present wants, but for procuring, increasing, or assisting in the acquisition of other articles of stock; and whatever is used for such objects, or to aid us in the labours of industry, comes within this portion, and is denominated *capital.*

Again, this second portion, or capital, may itself also be distinguished as divisible into two kinds. First, into those objects which man employs to aid him in the performance of the labour necessary to procure subsistence and acquire riches; that is, to augment the efficiency of labour, or to lessen, abridge, or facilitate it; and which may be called his tools. Secondly, into the materials, in a raw or more or less advanced state towards completion, on which his labour has been exercised, or remains yet to be exercised, to convert them into finished products; together with the finished products themselves of every kind, in the hands of the producers and dealers, not yet sold, but which industry still has to distribute to their proper consumers, or employ or expend in furtherance of future labours.

The first kind of capital, or what may be called the instruments or tools which man employs to aid his labours, consists chiefly of the five following descriptions of articles.

1. The proper tools, implements, utensils, engines, and machines, of the several arts, together with the labouring cattle, carriages of burthen, shipping, and boats, that are employed to assist in the business of industry, whether appropriative, productive, manufacturing, or distributive.

2. Those buildings and business-premises which are employed in industry; such as workshops, mills, machinery of a fixed nature, shops, warehouses, farm-houses, with all their appropriate buildings, granaries, &c. These are a sort of instruments of trade, and may be considered in the same light. Shops and farm-houses are different from mere dwelling-houses, they are not only the means of procuring a revenue to the proprietor who lets them for a rent, but they assist in procuring a revenue to the person who occupies them, and pays that rent.

3. The improvements of land; what has been judiciously laid

out in clearing, fencing, draining, manuring, and reducing the land into the condition most proper for cultivation, as well as the operations which have been undertaken for working mines and quarries. An improved farm may be regarded in the same light as one of those useful machines which facilitate and abridge labour; since by its means labour can raise a large quantity of produce. The same may be said of the roads, bridges, navigable canals, artificial harbours, light-houses, and rail-roads, which facilitate the transport of goods, and by means of which labour can transport a greater quantity of goods than it could do without them. The labour expended in such improvements, by rendering the country more fertile or more commodious, is the means of transmitting a better inheritance to posterity; some of which improvements are so durable that they can scarcely be lost by neglect.

Although a most important part of the productive capital of a nation consists in the improvements made on land, which so much augment its produce, we cannot account as capital the land itself, or other natural agents, or the mineral productions the earth affords, over which human industry exerts no control. The land forms part of our property, but its productive agency is the gift of nature, to which industry has contributed nothing, and which therefore cannot properly be classed with capital—the result of previous labour.

The mineral productions of the earth may have been discovered either accidentally or by laborious and expensive search or boring for them; and so far as labour has been expended in bringing to our knowledge these hidden treasures, and in the previous operations necessary for working the mines, they must be considered in the light of improvements, and accounted as capital; but the minerals themselves, though only available for use by discovery, and though mankind are enriched by the knowledge of them, are nevertheless original gifts of nature, to which no human exertion has contributed anything: they are our property, but not our capital.

There are, likewise, some improvements made on land which ought not, perhaps, to be accounted as capital, although they may have been made by an outlay of capital. Of this kind are,

the draining of a lake or a bog, the embankment of land from the sea. When such works are executed in a secure and permanent manner, it seems more natural to view them as further acquisitions of land—the primary source of wealth, than as additions to capital—the secondary source, or the means of augmenting and improving the produce of the primary source.

4. That portion of the money of a country which industry employs in the purchase or exchange of commodities, and the payment of productive services. This money eminently assists in the acquisition and production of commodities, and their distribution to the parties requiring them, by facilitating their purchase or exchange, causing the payments for them and for services to be made without difficulty, and avoiding the labour that would otherwise be necessary in effecting such exchanges and payments by the difficult and embarrassing method of truck or barter. This money may be considered as forming part of the tools of industry. It has been likened to the "oil to the wheels of a machine, which gives the requisite ease and facility to the movements of the complex mechanism of human industry."

Money, circulating from hand to hand, at one time passes from industry, and at another comes back again to it to be employed afresh in business. Thus, at one time it forms part of capital, and at another becomes merely property, and belongs to the stock devoted to consumption. The industrious classes themselves sometimes employ money as revenue devoted to consumption, or rather to purchase the objects required for consumption, as well as in the shape of capital to facilitate labour. At other times, money passing from the industrious classes, in the shape of capital, into the possession of the idle consumer, ceases to exist as capital. However, it quickly returns again, and reassumes its former character of capital, in its employment in business.

Though money is not, like the materials and finished works of industry, entirely and permanently withdrawn from capital, but comes back again to industry to be employed afresh; and although it is almost unalterable and permanent in its nature; it must, however, like all other things, be subject to waste and

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become worn out at last. Sometimes, too, it is lost in its conveyance from place to place, or is sent to other countries, and must, therefore, require continual, though no doubt much smaller, supplies than other kinds of stock.

It would be a great mistake to suppose, that the capital of a country consists principally of its money. Money forms but a small portion of our wealth. The world would be very poor, if it possessed no other kind of wealth than the precious metals, whether in bars or in coined money. The merchant, the manufacturer, the farmer, have commonly but an inconsiderable portion of their capital in the shape of money; and they endeavour to avoid keeping more money by them than is requisite to answer current demands, because their capital is always unproductive when in this shape.

5. The store of food, clothing, and other articles of subsistence, that are destined for the maintenance, either of ourselves or others, while engaged in labour. If it be thought that such articles, since they are devoted to our present subsistence, should not be accounted capital, it should be recollected that they are for our subsistence while engaged in labour to produce articles intended for future use, and for that object only; and therefore are not, in their ulterior destination, intended for *present* but for *future* gratification. Besides that, in civilized life, the work of industry is carried on, for the most part, by persons who are not the owners of the capital employed, and who labour for those who are; in which case, the food for *their* support is clearly not for *our* present enjoyment, but to be expended in maintaining *them* to procure something which may contribute to our wants hereafter.

Hence, for the purpose of our discussions, capital is distinguished from the other objects of stock, not in every instance from any real difference in the objects themselves, which often admit of being applied either as capital or as revenue, but from the *use* to which they are intended to be applied.

Such are the principal items that compose the first kind of capital before spoken of; or what may be called the instruments or tools which man employs to aid his labour in the works necessary to procure subsistence, and acquire riches.

The second kind of capital consists chiefly of the two following descriptions of objects.

1. The seed to be sown, and the useful plants in a more or less advanced state of growth, from which a future produce is to spring; the domestic animals for breeding, or in progress of rearing and fattening for the market; the materials, whether altogether rude, or more or less manufactured, of clothes, furniture, tools, buildings, and other things, such as wool, flax, hemp, cotton, silk, leather, wood, metals, and the like, that are not yet made up, but which industry is to fashion and convert into finished articles adapted to use. Raw materials, it is true, are often the spontaneous offering of nature, and therefore may be thought not properly to belong to capital. But when they have been, as is most commonly the case, collected, perhaps from distant countries, brought thence into store, and preserved by previous labour, they come completely within the ideas that we ascribe to capital. Besides, raw materials are very frequently the products of the cultivation of the soil, which antecedent industry has contributed to raise.

On the objects which compose the description of articles of capital in question, productive industry has been but partially exercised, and remains yet to be further exerted to render them fit for use. On the objects that compose the other description, of which we shall now speak, productive industry has completed its work, and there remains nothing more to be done, but that distributive industry should convey them at the proper time and in suitable quantities to their consumers. This description consists,

2. In the finished products of every kind in the hands of the producers and dealers, not yet sold, but which are to be distributed to the users or consumers, and hereafter to be employed by them, either as capital in the prosecution of further labours, or as objects of use or consumption merely, of which the last end both of productive and distributive industry is ready to be accomplished, in the support and gratification which that use or consumption may afford. Of this kind are, the stock of corn and other provisions and fuel laid up in store, in the possession of the farmer, grazier, butcher, &c.; the goods

made up and completed, of an endless variety of kinds, but which are still in the hands of the manufacturer and dealer, and not yet disposed of; such as the finished work found ready made in the shops of the draper, hatter, cabinet-maker, smith, goldsmith, china merchant, &c.

It may be thought that some of the finished goods now spoken of being, in one point of view, destined solely, and in their last end, for consumption, and not for reproduction, cannot be classed as capital. But it should be recollected that these goods, while in the hands of the producers and dealers, are not intended for consumption by themselves: they are the instruments by which distributive industry expects to earn its rewards. Like raw materials in the hands of the producers, these goods are the subjects on which distributive labour may be employed. Although completely fitted for use, the work of industry upon them is not finished, nor will be until they shall be conveyed to their proper consumers. In this respect, then, these finished goods are not yet devoted to consumption; they form part of the stock in trade of the owners, which are to be sold, and to be made the instruments of profit, whereby objects of consumption may be acquired; and therefore cannot properly be considered in any other light than as capital.

Hence our classification of stock having reference, not to the nature of the articles themselves, but to the use to which they are destined; an article which at one time, and in the hands of one person, forms an item of his capital, at another time and in the hands of another person, will not be capital, but an item of revenue, notwithstanding that all its properties remain the same. Or, without changing hands, it may be employed at one time in the function of capital, and at another in the function of revenue. The store of food and clothing laid in by a family for domestic use, and without reference to its subsistence while engaged in future labours, is not capital, but, while it remained in the hands of the farmer or clothier, the articles formed part of the stock or capital of his business. In the hands of the family this store is destined for consumption, without reference to further production: in the hands of the farmer or clothier, the idea of consumption was excluded, the articles were intended for sale, and

to be made the instrument for gaining a profit. Again, a horse may at one time be employed as a beast of burthen; at another time to carry his master for recreation or amusement. In the one case, it serves in the function of capital; in the other, as revenue.

All the articles of the description of capital now spoken of, consisting of materials and finished work, are taken out of this division immediately on their conveyance to their proper consumers; and are placed by the purchasers, either in the first description of capital, which consists of the instruments that man employs to aid in the prosecution of his future labours, or in the stock reserved for consumption as revenue; whence they are taken as the wants of the people call for them, and wholly disappear in a longer or shorter period through consumption. The first description of capital, too, or the tools which industry employs, become worn out, and sooner or later disappear; and therefore require continued supplies to replace the waste, without which the amount of capital could not be kept up.

To maintain and augment the stock that may be devoted to consumption, is the sole end of labour, and of both the descriptions of capital which labour employs. It is this stock that feeds, clothes, and lodges the people. Their riches or poverty depend on the abundant or sparing supplies that are acquired of these two descriptions of capital.

Many of the articles comprised in the different kinds of stock which have been now enumerated, were unknown in the early periods of the history of our country. They have been the acquisition of successive generations; each of which probably has contributed something new in increasing the number of sorts, their variety, and excellence. New kinds of tools and instruments have been invented, new powers and processes discovered, new fabrics and products supplied. Most of our garden fruits and vegetables have been introduced from foreign and distant countries; some at a remote, and others at a recent period. Some things which we now possess, though not altogether unknown to our ancestors, were unknown of that superior quality in which we now possess them. Our race of domestic animals has been in a high degree improved by care and the

choice of breeds, while almost every product of art has acquired such additional excellence, that, though perhaps old as regards its kind, it is new as regards its quality. The improvement of the old, and the fresh acquisition of new kinds of articles, have contributed in an almost inconceivable degree to the riches of our country, and to the enjoyment derivable from the comforts of life.

Dr. Smith accounts the acquired and useful abilities of the members of a society as a portion of its capital. "The acquisition of such talents," he says, "by the maintenance of the acquirer during his education, study, or apprenticeship, always costs an expense, which is a capital fixed and realized, as it were, in his person. These talents, as they make a part of his fortune, so do they likewise that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit."* But though the effects of the application of acquired knowledge and skill to industry, and the expense of their acquisition, are similar to those of capital, they are of a different character. They afford the means of employing labour and capital with success, but are not themselves capital. The ordinary idea which we form of capital is of *material* articles; but knowledge and skill are wholly *immaterial;* and it seems too great an extension of the common signification of the term capital, to make it comprise things of an *immaterial* nature.

Returning from this digression on the classification of the various objects of property, we proceed to observe on the effects which the employment of capital, as now explained, has on industry, in facilitating and shortening labour; thus, both contributing to the ease and leisure of the people, and to multiply and vary the products of industry, as well as to improve their quality.

* Wealth of Nations.

CHAPTER VII.

ON THE EMPLOYMENT OF CAPITAL AND MACHINERY.

It has been truly remarked, that the employment of capital is peculiar to the human race, and forms one of the distinguishing features of its character. The formation of man is especially adapted to such employment, and demands it as indispensable to his state and condition. Without it, the means of supplying his wants which he could acquire, would be far below that of the inferior animals. These are furnished by nature with members admirably constructed for defence, for procuring food, and for performing whatever labour is necessary to their well-being. But man is sent forth into the world not only naked but almost defenceless. He is not armed like them in any efficient manner; his hand has not the claws of the predaceous quadrupeds, he has nothing like the beak of the bird, nor are his mouth and teeth adapted for seizing and overcoming his prey; but he is under the necessity of resorting to some implement to supply what would otherwise have been a defect in his formation.

The first portions of capital of which man became possessed, must have been acquired from the land by unassisted labour. But the succeeding portions are obtained from the same source by labour in most cases assisted by previously acquired capital. The difficulties which must have attended the early acquisitions of capital, by unaided labour, must have been greater than is perhaps usually conceived: as capital increases, however, further acquisitions of it become more easy.

The various descriptions of capital, of which we have before spoken, must conjoin for the successful prosecution of labour in its various departments. It is evident, that capital of the first description—the tools which man employs to aid his labour, is absolutely necessary. What could the husbandman effect without his spade or his plough? or the weaver without his loom? Equally necessary with the proper tools of industry, are the articles of capital of the second description—the mate-

rials on which that labour is bestowed. These must necessarily be provided in order that we may fabricate from them the articles our wants demand. The mere unaided powers of the hand could never enable us to surmount the difficulties to be overcome in procuring even the necessaries, much less the luxuries, of life. Without tools and materials, we should be destitute of clothing, and of habitations also, save such as natural caverns in the earth or hollows of trees might present. However abundantly the gifts of nature might be spread around us, and with whatever energy and perseverance we might labour to procure them, our supply would be confined to herbs, roots, and fruits of the forest, with a few of the more helpless animals which we might be able to outrun and overcome. Without seed to sow the land, how could a future harvest be procured? Without a store of food previously accumulated to sustain us during the performance of our work, and until the seasons return, or the operations of nature have been completed which give effect to labour, and its produce brought to that state in which it is fit for use, or admits of sale, the cultivation of the soil could not be carried on; tillage must be abandoned, from the necessity of our immediately resorting to some kind of appropriative industry to afford us present food; and no separate direction of industry or division of employment could subsist. Without storehouses wherein to lodge the fruits of the earth, they could not be preserved to supply our necessities when the season of production should be past. To fell the forest, to pierce the mine, or traverse the waters, without the aid of capital, were impossible; and the tenants of the deep, the treasures of the mine, and the luxuries of foreign climes, without such aid, would for ever remain inaccessible.

The uses of capital are not confined solely to assisting labour in the direct production or manipulation of commodities, as the tools, the plants and utensils, the workshops and materials, used in the different branches of industry; of similar use is the floating capital employed and expended in procuring the raw or partly wrought materials for the workmen to manufacture, in the advance of their wages, conveying goods to market, collecting an assortment of them, and furnishing them in suitable

quantities and at convenient times to the parties who require them. A little consideration will show that this capital fulfils a part in the business of life scarcely less important than that which is performed by the other.

To present a view of the important functions which this portion of capital fulfils, let us suppose that all at once it were withdrawn, and that each person were obliged to perform himself the services he now derives from this portion of the capital of the farmer, manufacturer, and dealer. It is impossible, consistent with brevity, accurately to trace all the steps a consumer would be obliged to take in acquiring any commodity, if this part of capital were abstracted from business. It is sufficient to describe them generally.

In the way in which capital is now employed, if the consumer is in want of an article, a pair of stockings, for example, they may be had at any time and of any quality at a hosier's shop. But if the capital which is employed in conducting them there were abstracted, the consumer would be obliged, in the first instance, to quit his usual occupation, and repair to the sheep-farmer's, for the purpose of procuring a quantity of wool. Having bought and paid for the wool, he would be then under the necessity of conveying it to the carder and spinner, whose wages he must advance. He would next have to go in quest of the thread, when spun, to convey it to be dyed, and to pay the wages of the dyer. Finally, he must convey the thread from the dyer to the stocking-maker, pay him his wages, and, when finished, fetch the stockings home.

In the instance of commodities which are procurable only by means of a foreign trade, the benefits arising from the use of this floating capital are still more striking. Take the case of cotton, sugar, coffee, or other tropical productions, and suppose that the floating capital now employed in purchasing these articles in the countries where they are grown, in conveying them home, and storing them in the shops and warehouses of the traders, were altogether withdrawn. In such case, a consumer in want of any of these articles would have to embark for the East or West Indies to purchase the quantity he might require. Thus, when difficulties of such magnitude must be sur-

mounted, it would be impossible for any private individual to procure them at all.

Taking the first and least difficult of the two cases, and examining the task thus imposed on the consumer, it will be found to consist in two different duties. First, he is compelled to withdraw from his own stock the money with which he pays for the wool, that with which he pays the carder and spinner, and that with which he pays the dyer, some time before he acquires the use of the stockings, which must occasion a loss of the profit he might gain by retaining this portion of capital in his own business. Secondly, he is obliged to perform the labour requisite for selecting the wool, that of conveying it to be carded and spun, the labour of fetching it thence, and conveying it to the dyer, and lastly, that of again fetching and taking it to the stocking-maker, and thence home.

These two duties, that would be imposed on the consumer, by abstracting from business the floating capital at present employed in it, give a view of the functions it performs, and the benefits its employment confers on society.

The capital expended in improvements upon the soil performs a highly important office, and contributes most essentially to heighten the power of labour, thereby augmenting the quantity and excellence of agricultural produce. If previous labour had not cleared away the forests which encumbered our lands; and drained off the waters that caused them in great part to be mere morasses; if previous labour had not been bestowed in fencing, manuring, constructing farm-buildings, and the other improvements which have been made upon the land; it would be but a small quantity of useful produce that industry could possibly raise from it. Obliged to undertake these necessary works, it could not possibly commence the proper cultivation of the land until they were done. But the expenditure of capital having been made by which these works were executed, the labour of the husbandman is applied at once to cultivation, and this expenditure has contributed in every subsequent year to augment in a high degree the produce of the soil.

As, then, the distribution of employments and division of labour can only be established through a previous accumulation of

capital, whatever are the benefits derivable from this distribution, from agriculture, from commerce and the interchange of commodities, from the use of tools and machines, from the employment of labouring cattle and the natural moving powers, from agricultural improvements, from the sciences and arts, they are all dependent on the possession and employment of capital, and could not be enjoyed but in connexion with and through its assistance.

It is plain, likewise, that the quantity and excellence of the produce of labour must mainly depend on the quantity and quality of the capital employed, such as the goodness and suitableness of our tools and other instruments of labour, the number and strength of our labouring cattle, the improved state of cultivation into which the land has been brought, the commodiousness of our workshops, granaries, and storehouses, the number and power of our machines and engines of every description, and the extent to which the natural powers of wind, water, and steam, are applied in industry. When the master is possessed of an ample capital, he is enabled to furnish the workmen with the best implements and the most efficient machines that can be had, and to afford him every known facility for carrying on his business to the greatest advantage.

The different ways in which advantages result from the employment of capital, may be considered in the four following points of view. First, it saves time and labour in the acquisition of almost every species of commodity, and renders the work easy; thus enabling industry to execute a greater quantity of work, or procure a larger quantity of commodities. Secondly, in saving time and labour, additional power is conferred by its assistance on mankind, and labours are undertaken and prosecuted with success, which, without such assistance, would absolutely have surpassed the powers of man to accomplish: in this way, productions of nature and art are obtained, even from the most distant countries, of kinds and qualities that could not otherwise have been procured. Thirdly, it enables us to execute the work better, as well as more quickly and easily, and gives an absolutely new product in the perfection of the article. Lastly, it enables us to convert substances which

would otherwise be worthless, into products highly useful and valuable.

In the first place, the employment of capital saves time and labour in the production of almost every commodity. With the aid of a useful tool or machine, a man's work is rendered easy, and his time is saved. Without working harder, he is enabled to do more work, or produce more than he could have done before. In different countries, the horse, the ass, the ox, the camel, the rein-deer, and some other animals, are trained to labour. Much time is gained and greater facility in labour acquired from the employment of these animals; much additional power is therefore conferred upon industry, and a much larger quantity of work is consequently executed.* Still greater facilities are acquired through the use of machinery impelled by water, wind, or steam. These natural agents work while we rest; our horses and machinery perform our labour for us, while we do nothing but look on; or rather, they act in conjunction with us, assist our exertions, and lessen the toil we must otherwise undergo; while they multiply the products of our labour in an inconceivable degree.† In almost every way in which capital is employed, it is to save or facilitate labour, and to increase the quantity or the quality of its products. If more capital is expended in working the soil, or in manure, it is to make the produce greater or better in quality. If canals, rail-roads, or better roads are formed, these are to lessen the labour of transporting goods. If more extensive or commodious buildings are constructed for business, they are for the purpose of giving greater facilities to the workmen, to secure the goods in a more perfect manner, and save the loss and injury which would otherwise be sustained from the weather or from depredations.

* Mr. Gordon, in his Treatise on Locomotion, estimates the number of horses in the United Kingdom at 2,000,000. The power of a horse is usually reckoned as equal to that of six men, which makes the total of horse-power in the United Kingdom equivalent to 12,000,000 of men; or greater than all our male population of all ages.

† In 1792, the power of machinery in Great Britain was estimated as equal to the work of 10,000,000 of labourers; in 1829, to 200,000,000; and in 1833, to 400,000,000.

Thus capital acts in the same way as labour, and an increase of capital is equivalent to an increase of workmen. There is, however, this important difference between the two. While an increase of workmen occasions a corresponding additional want and consumption of things for their support, without leaving more to be enjoyed by any one amongst them, an increase of capital effects an increased production, without adding to the want or necessary consumption; and, consequently, augments the quantity of commodities to be enjoyed by those who labour. In the same way that a man's circumstances are improved by greater industry, so are they, according to the larger quantity of capital which he is enabled successfully to employ, to render his labour more effective.

The advantages which accrue from the saving effected through the employment of capital in the expenditure of time and labour in works of industry, are of inconceivable magnitude. But the whole of the advantages derived from such employment cannot be comprised under this head. Besides the additional power conferred on mankind by the economy of time and labour, capital enlarges that power in another way, and enables us to execute works that would otherwise have surpassed our abilities; which brings us to the second head in which capital may be considered as assisting our exertions.

It is evident, that every species of work that requires a long time to accomplish, can only be undertaken when there has been a stock of food and clothing got together to subsist us while engaged in its execution. Besides this stock of circulating capital, some portion of fixed capital is necessary. There is scarcely any kind of work that can be executed without the assistance of tools composed more or less of iron or steel. But to open the bowels of the earth, to construct a furnace, smelt the ore, and fabricate a tool of iron or steel, though undoubtedly it was originally accomplished by men with but an inconsiderable stock of capital, must, notwithstanding, have at first been a work of no small magnitude, effected doubtless by slow and imperfect advances towards perfection. Thus to perform even the rudest and most simple kinds of labour, as they require the use of tools of iron, must at first have been a difficult task. But

without capital, to execute works of magnitude, to build a ship, to construct a bridge or a canal, to excavate the earth for mining operations to any considerable depth, would have been utterly impossible. Yet, with the aid of capital, such works are rendered not more difficult of accomplishment than others of lesser magnitude, and are of every-day occurrence. It is thus that men are enabled to traverse the ocean, to render foreign climes tributary to their enjoyments, and to multiply the products of art which minister to their comfort and luxury beyond the power of enumeration.

The third advantage derived from the employment of capital, consists in its superior efficacy in performing labour over the most improved and highest manual dexterity; enabling us to execute work better, as well as more quickly, easily, and cheaply, than we could otherwise do. Machinery in general performs its work more steadily, more uniformly, and equally throughout, and with more exactness, than hand labour. It commonly gives a superiority of execution and perfection, which manual skill could never have attained. It is said that cotton goods generally are, at the present time, in their several degrees of fineness, as much as ten per cent. better in workmanship than they were even so recently as fifteen years ago; and this result is said to arise from the greater perfection of the machinery employed in fabricating them. The flatting-mill and the die afford striking instances of the superiority of machinery, in executing products which the utmost skill and exertion of the human hand could never accomplish. Every kind of printing too, is, evidently, executed with an exactness and a perfect identity, which it would be impossible for the most skilful workman to rival, without a fit mechanical apparatus. In this way machinery gives a positively new product in the degree of perfection that was before unknown. Again, in consequence of the precision with which all operations by machinery are executed, there is frequently a considerable saving in the consumption of the raw material; since they are attended with but little loss or waste from articles imperfectly executed.

Lastly, capital enables us to apply to purposes of the highest utility, articles that would otherwise have remained useless,

and of no value. The materials with which our houses are constructed, the materials of our clothing and furniture, the metals out of which our tools are formed; in short, almost every useful article we possess, would have remained absolutely useless and valueless, had it not been for the capital through the aid of which the material has been fashioned and adapted to our service.

"In fine, machinery does still more; it multiplies products with which it has no immediate connexion. Without taking the trouble to reflect, one perhaps could scarcely imagine that the plough, the harrow, and other similar machines, whose origin is lost in the night of ages, have powerfully contributed to procure for mankind, besides the absolute necessaries of life, a vast number of the superfluities they now enjoy, and of which they could otherwise never have had any conception. Yet if the cultivation of the soil could be in no other way carried on than by the spade, the hoe, and other such simple and tardy expedients; if we were unable to apply to agriculture the labour of domestic animals; it is most likely that the whole mass of human labour, now applicable to the arts of industry, would be occupied in raising the bare necessary subsistence of the actual population. Thus, the plough has been instrumental in releasing a number of hands for the prosecution of the arts, and, what is of more importance, for the cultivation of the intellectual faculties."

Fully to show the advantages mankind have derived from the use of capital, it would be necessary to trace the history of the progress of industry, and contrast the superiority of the condition of man in a state of civilization to that which is observable in savage life. We have already, in speaking of the influence of science, alluded to some of the more prominent discoveries and inventions by which he has subjected all created beings, together with the powers of nature, to his will; and it is therefore unnecessary to speak of them again. It is sufficient to say, that in making these discoveries and inventions, and more especially in their application to industry, the employment of capital was an absolute requisite, without which they could not possibly have been made. In truth, knowledge chiefly displays itself in the application of capital in improved methods to the purposes of industry. Having been long accustomed to the

employment of capital in these improved methods, with the use of the most powerful machines, we are apt to forget, or to pass over unnoticed, the solid advantages they have conferred upon our species, the improvement they have effected in our condition, or the destitute circumstances in which we should now be placed without them. Yet though these improvements are passed over without their exciting our observation, it is alone through the employment of capital, with its heightened effective powers, that industry has acquired its present augmented strength, and its command over the works of nature. By such means our comparatively barren soils have been brought under tillage, and the cultivation of the better lands forced sufficiently to provide food for our augmented population. The extent of our island is the same now as it ever has been; and though the number of acres brought under the plough is vastly greater than in the early period of our history, yet the quantity of subsistence which is now drawn from them is in a still greater proportion. Not only is our augmented population supplied with food in larger quantities, but an advancement equally great has taken place in all their other articles of expense—their dress, furniture, houses, the number of horses and carriages, and the general splendour of living. This improvement however has not required greater labour to effect it; on the contrary, labour has been so facilitated and abridged, that these improvements have been made with less exertion; more leisure has been acquired, and a mass of labour set free, and rendered available for the prosecution of all those objects of an intellectual and moral character in which the higher interests of humanity are involved, and whence alone a more universal and permanent happiness is to be expected. The power over nature which these improved forms of capital have conferred, and the riches they have placed within reach, are of such magnitude, that we cannot wonder at the increased opulence of modern times: the wonder is that poverty and want should still be found amongst civilized nations, and should not long since have been banished from them,—known only as matter of history or description, and not by the sad experience of real suffering.

When the discoveries and inventions by which labour is facilitated and abridged shall be carried further, or more

generally adopted; when the inanimate agents shall be more extensively applied in industry, and other like agents discovered and brought into operation, which present prospects lead us to expect; we may with confidence anticipate from such further additions to our power a still greater abundance of the productions of art, and a more universal opulence. Nor can any assignable limits be fixed to the additions which may be made to the productive powers of industry. As men advance in knowledge and experience, they are perpetually inventing improved machinery for the abridgement of labour. As capital accumulates, machinery is more used, and of greater power; and with the increase of workmen the business to be done is divided and subdivided, until each individual acquires in his peculiar branch, a dexterity and skill unattainable in smaller establishments, where several operations must be performed by the same hand.

Another circumstance illustrative of the importance of the employment of capital, of the accumulation of a larger quantity of it, and of rendering it more effective through greater knowledge and skill, is, that without these it is not easy to maintain a greater population; that if more people should be supported, they would in all probability be worse provided for. Under ordinary favourable circumstances, mankind have a tendency to multiply, and such multiplication is essential to their full enjoyment of life. The barrier to the support of an increased population with equal affluence, is formed by the limited extent of the fertile land whence its subsistence must be raised; and this barrier can only be thrown back to give room for greater numbers, by an enlargement in the powers of industry, whereby a greater produce may be raised from the same quantity of land. As population increases and more food is required for its support, recourse must be had to soils of inferior quality, or to a forced cultivation on the old and better land, in order to raise a larger supply of provisions for its use. But this can only be done with greater difficulty than before, and with the expenditure of more than a proportionate quantity of labour and capital. It is true, with a larger population we have more hands; but besides this we require, either an increase of capital commensurate with the increase of labour, or the discovery of methods of making a small quantity

of capital supply the place of a larger. Not only so, but since greater proportionate difficulty is experienced in working the poorer soils, we require a greater effective power in the labour of these hands, to overcome the greater difficulty. For this purpose, they must each of them be furnished with better tools, more efficient machines, and be assisted with more labouring cattle, in short, with more than the usual quantity of capital.

Dr. Adam Smith attributes to the division of labour, the great multiplication of the productions of the different arts, and the universal opulence observed in well-governed societies; which extends its influence even to the lowest ranks of the people, notwithstanding the vast number of idle persons, and persons unproductively employed. The effects of the division of labour in the promotion of opulence will be noticed in another place; and therefore will not be enlarged on here. But the fact is, that in industry, riches are acquired, not through the division of labour alone, or the operation of any one single cause, but through the conjoint operation of the several causes which contribute to facilitate and abridge labour. Amongst the most essential and important of these causes, is to be ranked the employment of capital. The division of labour cannot subsist without capital. Let the division of labour be carried to any conceivable extent, the workman would still be able to make but little progress in his work without the tools, implements, and materials of his art. Again, let the division of labour be established, and the proper capital be furnished, still but little effect could be expected to result without the previous knowledge of the different processes of the arts, and the skill to use and apply the requisite tools and implements.

Thus, the opulence of civilized life is to be ascribed to the conjoint influence of several causes. It is to labour applied in conjunction with capital, and directed with consummate skill and science, to the perfection of which all past ages have contributed. It is attributable, not only to the labour of man, but to that of his domestic animals, his still more powerful, but not less docile, agents of wind, water, and steam, which skill and science have enabled him to press into his service, and set at

work to perform his daily labour for him. Again, it may be also ascribed to the machinery, by which his hands and fingers are, as it were, multiplied by magic, and acting in fifty places at one and the same moment. Such are the causes that have contributed to the multiplication and improvement of the productions of art, to the diffusion of opulence and the comforts and luxuries of life, the cheapness of which has brought them within reach even of the poorer classes.

Notwithstanding the amazing advantages of the use of capital and machinery, there exists a prejudice against the introduction of any new invention, or improved process, which saves labour and lessens the number of workmen employed in any art or manufacture. Though men do not complain of old inventions, yet they oppose new ones. They look only to the condition of workmen as producers, without considering that they are also consumers to an equal extent. They view only the immediate, the partial, and temporary effect, occasioned by the change from the old process to the new; and disregard the beneficial effects on the condition of society which ultimately, permanently, and universally, result from the abridgement of human labour. The unreasonableness of such an opposition may be perceived, by reflecting on what would have been the present condition of the world, if such a prejudice had always existed, and been allowed to prevent the introduction of every improvement which lessened labour. What would it have been but to have doomed our soil to eternal barrenness, to have prevented the multiplication of the species, and to have chained down mankind to a state of perpetual poverty and barbarism? "Tools are but simple machines, and machines but complicated tools, whereby we enlarge the limited powers of our hands and fingers;" and if the invention of such is to be deprecated, what ought we to think of the mischief worked by the unknown inventor of the plough, who displaced the labourers employed in turning up the earth with the spade, the hoe, or with the hands and fingers? With such views we could only denounce him as one of the worst enemies of the human race. So likewise of him who, by the invention of printing, threw out of work all the persons who previously earned a reputable and comfortable subsistence by

copying manuscripts. If one invention is to be condemned, why not another, and all that turn workmen out of employment? But if improved machinery is to be condemned, because its augmented production enables us to dispense with a portion of labour, the same condemnation must apply to everything else which promotes an increased production. Now increased production may be effected by increased skill and knowledge, as well as by better tools and machines; and, therefore, upon this ground it would be necessary to deprecate as injurious to mankind the acquisition of greater skill and science by the workman, which might enable him to increase the quantity of his work. Upon this ground also his ignorance and imbecility must be accounted qualities to be approved and wished for.

Though the employment of new machinery or horses may at first supplant the workmen previously employed, it never diminishes the product. On the contrary, there must be what is equivalent to more work done, or done better than before, so that the product must be of greater utility, or the new method would never otherwise have been resorted to. The augmented produce of the machinery and horses is to be enjoyed by some one, and the owners will not consume more than a small part of it themselves, but exchange it for something the produce of the labour of others. If the machinery and horses had never been employed, this augmentation of produce would never have existed to be exchanged, and such augmentation must occasion either a greater demand to be made for the labour of some one, or a more liberal reward to be offered for it. The diminished cost of production must lower the price of the goods, must increase the demand, by bringing them within the means of purchase of a greater number of persons, and to a larger extent, thereby benefiting the consumers both by the larger supply and the cheaper price. The consumers form an equally important class with the producers, for they are equally or more numerous; in fact, they are the very same parties, comprising every description of producers. The savings of the consumers from such reduction in price will be expended in some other way, and if the workmen thrown out of employment could immediately disperse themselves amongst those branches of industry in which

the expenditure of these savings occasions a greater demand, no inconvenience would ensue. Unfortunately, from the perfection to which the arts have been carried, it is very difficult for the workmen to change from one employment to another, on account of the great skill and long practice that are required, and the time and expense necessary to acquire them. Should a workman in manufactures betake himself to common labour, this kind of occupation is that for which his previous habits have rendered him least fit; though no skill or teaching is required. Moreover, the already superabundant number of operatives in the lower descriptions of labour, renders the wages they earn so low as to be scarcely sufficient for their subsistence. When a man after having worked at a trade, the knowledge of which has cost him years to acquire, is thrown out of it, he is in a measure compelled to begin the world afresh, and is perhaps reduced to abject poverty. The distress and inconvenience of the *change* are evils of great magnitude; but they are the only evils.

Let, however, the temporary and particular hardship of the change of industry be much greater than it is, it must be endured; it were vain to attempt to avoid it. To prohibit the introduction of the new process would only serve to aggravate or perpetuate the evil; and the sooner the change of employment is undertaken, the slighter will be the suffering. If the new invention be beneficial, the extra profit, which for a time must be got by its use, will make it certain of being adopted somewhere or other. A secret is not likely to remain long concealed, where an interest must very generally exist to discover or disclose it. To prohibit or discourage the use of the invention in our own country, were only to banish it to other countries; to give foreigners the opportunity of gaining extra profits at our expense, and of supplanting us in the manufacture altogether.

The distress which the invention of power-looms has brought on the weavers we cannot but deplore. It is impossible to weave so cheaply by hand as by machinery; and we must expect that in future nothing but machinery will be used in weaving plain goods. The sooner therefore that industry is turned from

this employment, the sooner will the suffering be got over. To prohibit the use of the power-loom, would be only to give the French and Germans an opportunity of manufacturing by a cheaper method than our own; they would undersell us in the market, and compel us to abandon weaving altogether. What then would be the effect if success had attended the attempts of the weavers to prevent the use of power-looms, but to banish manufactures from our country, and to deprive, not only themselves altogether of this employment, but those workmen likewise who are engaged in other branches of the same manufactures; all of whom must suffer from our being unable to weave so cheaply as foreigners? The power-loom, once discovered and made known, is necessary to the existence of our manufactories, and must be used as it were in self-defence.

New inventions in any art or manufacture, however, so far from ultimately lessening the number of persons employed in it, generally, after a time, increase the number. No one doubts that the invention of printing, so far from having lessened the number of persons employed in multiplying copies of literary works, has increased it. The loss of employment to the copyists which this invention at first occasioned, was temporary only. The comparatively low price to which books have in consequence been reduced, has occasioned such an increased sale of them, that there are perhaps a hundred times more printers and compositors now employed, than there would have been copyists, had the invention never been made; and this without reckoning the additional number of paper-makers, bookbinders, booksellers, and other persons who gain a livelihood by the press. The same thing precisely followed the invention of the spinning-jennies. The low price to which cotton goods in consequence fell, so extended their sale, and occasioned such as were of finer fabric to be used so extensively, that it was not long before there were more persons employed in the cotton manufacture, than previous to the invention taking place. We cannot doubt that the invention of the power-loom will be followed by the same effects. More cloth will be used, and for purposes to which it could not be before applied on account of its expense: it will be used of finer texture, or of more costly workmanship. When

an article falls from a price which was so high as to render it procurable only by persons in affluent circumstances, to a price so low as to bring it within the means of people of inferior rank, the wealthy associate with it the ideas of the meanness and vulgarity they attribute to the rank of the persons who use it; they consequently abandon its use themselves, and resort to some substitute. This substitute must necessarily be of a high price, or it would fail to mark their superiority over the commoner sort of people. It is not the beauty or the fineness of a manufacture, but its costliness alone that can ever permanently insure its use by the great. In saying this, no censure is intended to be thrown upon the rich. As society is constituted, it is necessary to a man's interest that he expend a certain sum in dress and show. In the intercourse of strangers, there is no other criterion by which to judge than by their appearances: by these we naturally give or withhold our confidence and good offices. There is more vice in the lower ranks than in the middle and upper ranks, and more danger in an unguarded intercourse with them. If a gentleman therefore have not the dress and appearance of one, he will, in all probability, fail to be treated as such by strangers, and will suffer in consequence. Hence, the expense of dress will, after a short time, be in nowise reduced by the power-loom: the same sum must be spent in clothing as before, in order to keep up the same relative appearance, and the same degree of employment will, consequently, be afforded to the manufacturers. The prejudice of the lower orders against machinery is therefore in the highest degree absurd. Strange as it may appear to them, they are of all others the most deeply interested in its perfection, and in the consequent easing and economy of human labour; for they are the parties who work, they are the proprietors of labour, and are the most interested in its efficiency, and the most benefited by the cheapness of commodities which it produces. Machinery is not employed solely in procuring superfluities for the rich, it is equally employed in multiplying food and necessaries for the poor. The rich will gain little from the power-loom; its effect to them being only to compel them to give up their present style of dress, and to adopt some other of greater expense, yet not

perhaps more useful or agreeable in the wear. But the effect to the poor will be to increase their comforts; it will give them the means of procuring a more ample stock of useful and comfortable clothing, and of clothing which is really better and more agreeable in the use. "The war against machinery, is a war against human enjoyments." It is a war of extermination, a treason against the species; for our machinery is the only means by which our high-wrought husbandry can be maintained, and food and clothing procured for our augmented population.

Though we cannot at present foresee the extent to which machinery may be carried, or the degree in which it may be brought to supersede the labour of the hands, it is impossible that machinery can ever supersede labour altogether. Machinery will not work alone; it must be directed and superintended by labour; its operation is not to supersede altogether, but to assist the labour of the hands. But though the extent to which it may be carried should be greater than we can imagine, there is no cause for apprehension therefrom: there is nothing very alarming in the prospect of an exemption from labour. With every step in the advancement of machinery the quantity of the products of industry must be greater than labour previously could yield; the limit of cultivation will be pushed forward upon poorer soils, and the numbers of mankind that may be thus supported in plenty must consequently be increased. We may venture to affirm, that the increased knowledge, by which alone discoveries and inventions to abridge labour can be made, will be a knowledge not restricted to physical causes alone, but will extend likewise to moral causes. The different departments of knowledge have a mutual connexion with one another: the advancement of one kind helps on the progress of other kinds. We may expect that if the physical sciences advance, the moral will not lag behind; that the institutions of society will become ameliorated, poverty less general and less abject, wealth more diffused, and less concentrated in enormous masses; that a greater simplicity of manners will prevail, with an increase of benevolence and philanthropy; that the augmented production of machinery will be accompanied by a decrease in the voracious consumption of the products of industry, which a pampered

luxury and an ostentatious pride and vanity induce in the rich; and the produce of labour or machinery serve for the comfortable subsistence of a greater number of individuals.

CHAPTER VIII.

ON THE DIVISION OF EMPLOYMENTS.

THE vastly greater efficiency of labour in civilized than in savage life, and the superior condition of man which is so strikingly visible when we compare him in the cultivated and the uncultivated state, are in great part owing to the division and combination of employments.

Co-operation with distinct departments of labour assigned to separate individuals is peculiar to human beings. It is this which gives them power. If all mankind had continued in that primeval state in which every species of work was performed by each man for himself, the world at this day would have still remained in the extreme of barbarism and poverty. The useful arts could never have been known, and the earth in all its parts would not have been more fully peopled than we find it is in those poor and savage countries where the division of labour and the operations of the arts are alike unknown

Man was happily formed with an inclination for society, and was led at a very early period of his history to perceive, amongst other advantages resulting from association, that he acquires dexterity of hand in the performance of his labour, by confining himself to one single occupation. Most probably, peculiar and distinct occupations were introduced at first from private, and not from public, views. Individuals found that they could perform certain kinds of work better than other kinds, and gain a better livelihood by following exclusively one or a few occupations, than many. But though peculiar trades and professions were probably embraced at first from private interest, they became afterwards established by public authority, from

views of the general good. Amongst some of the ancient nations an opinion seems to have prevailed, that labour was best performed, not only when the attention of the workman was confined to one particular branch of exertion, but also when he became habituated to it in early infancy. On this principle, probably, the institutions of some countries caused occupations to be hereditary; as was the case in ancient Egypt, in some parts of India, and in Peru. The mischief of forcing hereditary occupations on the people is, however, so great, that it is matter of lamentation that a principle so valuable when kept within proper limits, should have been extended till it became injurious. It has been thought that the institution of caste, which establishes hereditary occupation, has been one powerful cause of the stationary condition in which the people of India have remained during so many ages; and that this people will never be roused from their apathy to make any material progress, until this institution shall be abrogated or greatly relaxed.

Previous to the time of Dr. Adam Smith, the division of labour had been noticed by some of the modern political writers, as one of the principal means by which the wealth of nations has been most advanced. But it was left for him to trace at large the consequences resulting from it, and to place it in that prominent position which it is really entitled to hold. This he has done in so able a manner as to command the assent of all subsequent writers. Some of his often-quoted remarks on this subject are so forcible that, I trust, they will bear to be again repeated, in preference to the expression of the same ideas in other and less appropriate language of my own.

"The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same work-

house, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more at one time than those employed in one single branch. Though in such manufactures, therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

"To take an example, therefore, from a very trifling manufacture, but one in which the division of labour has been very often taken notice of, the trade of a pin-maker: a workman not educated to this business, (which the division of labour has rendered a distinct trade,) nor acquainted with the use of the machinery employed in it, (to the invention of which the same division of labour has probably given occasion,) could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire; another straights it; a third cuts it; a fourth points it; a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind, where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in

a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth, part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

"In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one, though, in many of them, the labour can neither be so much subdivided, nor reduced to so great a simplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour. The separation of different trades and employments from one another, seems to have taken place in consequence of this advantage. This separation, too, is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man, in a rude state of society, being generally that of several in an improved one. In every improved society, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour, too, which is necessary to produce any one complete manufacture, is almost always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and smoothers of the linen, or to the dyers and dressers of the cloth!" *

In speaking of the division of employment, we comprehend in that expression its combination also. When the production of an article is effected by many workmen, each performing a separate

* Wealth of Nations, Book I. ch. 1.

part, the joint labour of all is required to carry it through its several stages to completion. Another kind of co-operation also is necessary on some occasions. Several operations require the united strength or assistance of many persons; others such expedition as only many hands can supply: and this is equally the case in agricultural, manufacturing, and commercial industry. To keep an iron-furnace in blast, requires the combined and constant labour of from two hundred to three hundred men. To navigate a ship of large size, many sailors must be employed. In forging an anchor, several smiths must join together in striking it at the instant it is fully heated, and before it begins to cool. The power of combining many individuals in a voluntary exertion for the attainment of a common end, in which each sacrifices his own individual and independent purpose for the superior purpose, yet still his own, as expressed in the will of the combination, is only possessed in a somewhat advanced stage of improvement of the human mind; and the degree in which this power of combination exists in any community strongly indicates its degree of civilization.

The division of labour operates in several ways in increasing the quantity and improving the quality of the work which the same number of people are capable of performing, as well as in conferring other benefits on society. The results are of such importance as to deserve attention somewhat at large to the several instances in which they are observable.

As our wants and desires are very various, so are the operations of labour by which they are supplied and gratified, with the number of persons that must be employed for that purpose. "Observe the accommodation of the most common artificer or day-labourer in a civilized country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, almost exceeds computation. His woollen coat, for example, plain and coarse as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber, or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their different arts in

order to complete even this homely production. How many merchants and carriers, besides, must have been employed in transporting the materials from some of these workmen to others, who often live in a very distant part of the country! How much commerce and navigation, in particular, how many ship-builders, sailors, sail-makers, rope-makers, must have been employed to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world! What a variety of labour, too, is necessary in order to produce the tools of the meanest of these workmen! To say nothing of such complicated machines as the ship of the sailor, the mill of the fuller, or even the loom of the weaver, let us consider only what a variety of labour is requisite to form that very simple machine, the shears with which the shepherd clips the wool. The miner, the builder of the furnace for smelting the ore, the feller of the timber, the burner of the charcoal made use of in the smelting-house, the brick-maker, the bricklayer, the workmen who attend the furnace, the mill-wright, the forger, the smith, must all of them join their different arts in order to produce them. Were we to examine, in the same manner, all the different parts of his dress and household furniture, his coarse linen shirt, his shoes, his bed, and all the different parts which compose it, his kitchen-grate, his coals, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks, the earthen plates, the different hands employed in preparing his bread and beer, the glass window which lets in the light, and keeps out the cold wind and rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, together with the tools and utensils of all the different workmen employed in producing those different conveniences. If we examine all these things, and consider what a variety of labour is employed about each of them, we shall be sensible that without the assistance and co-operation of many thousands, the very meanest person in a civilized country could not be provided, even according to what we very falsely imagine the easy and simple manner in which he is commonly accommodated."

In another place, it has been noticed, that the effectiveness of labour, and the success which attends its exertion principally depend on the knowledge and skill with which it is applied. This knowledge and skill must of necessity be acquired by each individual workman, before he can either personally derive benefit from his industry, or contribute in any material degree to augment the products of national industry: it is a task to be learned which involves a sacrifice of time and expense.

Now the acquisition of an intimate acquaintance with all the circumstances connected with the application of labour, and the gaining an expertness of hand by the operator, entirely depend on the distribution of employments and the division of labour; while the facility of that acquisition depends on the extent to which this distribution and division are carried. This is the first remark which may be made on our subject.

After reflecting on the almost inconceivable number and variety of occupations in civilized life, the number of different trades, manufactures, arts, professions, and sciences, into which labour and study are divided, and the number of different branches or departments into which these are again subdivided; the workmen engaged in which have each a separate and distinct occupation from the rest, with tools, machines, utensils, and processes peculiar to themselves, and have spent, perhaps, years in acquiring the requisite knowledge and skill to perform their single part with ability; which ability is indispensable to the present stage of perfection of the arts; to procure the numerous comforts we enjoy, and to support the existing population; we shall be persuaded that the life of man would be too short to acquire the ability skilfully to perform even but a small proportion of the number of distinct operations required in furnishing these accommodations and comforts.

But by the distribution of employments, and allotting to different individuals separate departments in the different manufactures and other occupations, this whole knowledge and skill, the acquisition of which would surpass the most capacious powers that have ever been found in any single individual, is divided into an infinite number of parts, and allotted amongst the different classes of industry, leaving to each individual to

acquire skill in but one minute portion of the whole. In this way the difficulty of practising any art, and the time that must be spent in becoming acquainted with all the circumstances connected with its practice, which must depend on its complexity and the variety of processes and operations to be performed, is proportionately diminished; the whole attention of each workman is directed to one branch only; his work is reduced to the performance of perhaps some one simple operation; it is rendered easy for him to reach perfection in his department, and the time necessary to be spent for that purpose is comparatively short.

When all the energies of the mind and body are thus made to converge, as it were, to a single point, and the performance of one simple operation is made the sole business of a man's life, in which he has every inducement to excel, from being paid according to the work that he executes, a quickness and dexterity of hand are obtained, which could not possibly be acquired in any other way. In some manufactures, the rapidity and exactness of execution which are acquired by such means, exceed what the human hand could be supposed capable of attaining by persons who have never witnessed them. Now, when each individual workman thus acquires the most consummate skill in his particular province, it follows, that the whole national industry, which is made up of its several parts, is directed with the same skill; and, by such simple means, the highest acquirements are applied to the whole.

The second remark which may be made on the division of labour is, that it economizes time also, in some instances, by giving to one person the power of doing the work of many. The carriage of goods by persons who specially devote themselves to this calling, whether by sea or land, from the places where they are produced to those in which they are wrought up or consumed, saves all that waste of labour and expense which would be unavoidably expended, if there were no persons of such calling, and every single package were sent singly by a messenger for that purpose. But this economy has been more aptly illustrated by Dr. Whateley, in the case of a post office and letter carriers. A postman who carries a thousand letters from the city and de-

livers them in the vicinity of Chelsea in the course of a few hours, does the work which, without such a contrivance, would require a thousand persons for almost as much time, in conveying every letter singly to its destination.

In the third place, we should form but a very imperfect conception of the advantages which follow from the division of labour, if we regarded only the economy of time and the acquisition of manual dexterity by the operator. Not only is the human hand rendered more expert by this division, but the powers of the human mind are equally enlarged, and knowledge advanced by it to an almost miraculous extent. Amongst other distributions of employment which the progress of society establishes, speculation and practice become the businesses of separate classes. Speculation, or philosophy, becomes the sole or principal occupation of a particular class, and by this arrangement, while the practical man, entirely occupied in his department, is enabled to acquire the most complete practical skill, and perceive the means of perfecting the details of his art, the man of science, on his part, entirely relieved from the drudgery of manual labour, is enabled to devote his whole time and attention to the studies of his peculiar province; to take a wider range of observation; to bring the different sciences and arts to bear upon and assist him in his work; and thus extend his researches and discoveries infinitely beyond the reach of ordinary men.

The sciences are of many different kinds; and in science, the same as in business, the division of labour is indispensable. If a general and superficial acquaintance with every department be all that is acquired, but little progress can be expected. Time, expense, and talent, must be husbanded, and the attention of the individual especially directed to one or a few branches only, leaving to other individuals a similar exclusiveness of attention to other branches. Hence we find the sciences divided into a great many separate branches, each of which presents occupation to a peculiar class of inquirers. This division sharpens the intellectual powers; each individual is enabled to examine more acutely the several parts of his own peculiar branch; in consequence, to become more familiarly acquainted

with it, and to attain a greater proficiency and expertness in matters relating to it than he otherwise could: time is saved, more work is done upon the whole, and knowledge is immeasurably advanced thereby. By such means, the extensive knowledge already acquired is not only kept up and diffused, a work in itself impracticable in any other way, but new progress is made, and a higher state of advancement is continually attained.

Fourthly, another result of the division of labour is, the economy and husbanding of talent, skill, and power which it effects. By dividing the different processes in a manufacture among separate workmen, the more difficult parts are allotted to the more skilful, the more laborious to the stronger, and the lighter and easier to the women and children, or the uninstructed labourers, who are capable of doing nothing else. If all the separate processes were to be performed by each workman, every one of them must be competent to perform the most difficult parts, and their valuable talents and time would be wasted in performing the easier operations, which might be done as well and as quickly by the women and children. Mr. Babbage, in illustrating this position, gives a statement of the different processes in the pin manufacture, and the earnings obtained by the individuals employed in them; whence it appears that, if the most skilful workmen were employed to perform all the operations, the pins would cost three times and three quarters as much more in making, than they now do by the employment of less skilful persons for the easier parts of the work.*

Fifthly, this division brings into action talents and genius of every kind, whether corporeal or mental, public or private, civil or military. It allows every talent to be brought into exercise in that track which the peculiar bent of inclination of its possessor prompts; affords it full scope for operation; and thus the most dissimilar and uncongenial qualifications are made to join in concert in contributing each its particular quota to the general welfare.

Sixthly, this division mainly contributes to the improvement of the processes of industry, the invention of suitable tools and machines, the improvement of the form of the tools, and modes of using them, and the discovery of new methods of saving

* Economy of Machinery, p. 148.

and easing labour, or improving the quality of the articles. When labour is distributed among many branches, and men are employed in one occupation only, with their whole attention directed to this one alone, they are more likely to find out easier methods of performing their work, than when their thoughts are dissipated among a great variety of objects. With such exclusive attention, it is to be expected that some one or more of those who are employed in each particular branch, should soon find out easier methods of performing their own particular work, whenever the nature of it admits of such improvement. Many of the machines made use of in those manufactures in which labour is most subdivided, were originally the inventions of common workmen, who being each of them employed in some very simple operation, naturally turned their thoughts towards finding out the best methods of performing it. Some of the tools and machines used in the arts have been the result of the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some of that of men of speculation, whose thoughts have been directed to observe everything within their reach, and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects.

In the seventh place, the division of labour economizes capital, causes it to be almost always in employ and productive, and prevents its lying an encumbrance on our hands. Let us but reflect on the immense number of tools, machines, and utensils of every kind employed in the different branches of industry, a complete set of which would be necessary to a man who would undertake to produce every kind of article, and perform every kind of labour, for himself. Let us notice, too, the variety of materials on which we work, with the variety of soils, climates, and situations from which they are procured, and the vast number of different kinds of buildings, premises, carriages, cattle, ships, and other things required in the acquisition, production, and transport of all the different sorts of commodities which make up our present supply, and we shall be satisfied that a private fortune would be altogether inadequate to purchase one only of these of every kind. The consequence would be that a

thousand shifts must be made, and a thousand disadvantages encountered, in performing even the simplest operations; while privations of all sorts must be submitted to, and the immense facilities which capital now confers on industry, would be nearly lost. But through the division of employments, all these inconveniences are obviated; the quantity of capital requisite to each separate individual in his particular department, is so diminished as to be brought within the means of ordinary persons. Again, if it were not for this division, however large the amount of our capital might be, its produce would be scanty in the extreme; for it would seldom be producing anything; because it would be seldom in use. The unproductiveness of capital, or its being only productive at considerable intervals of time, is of equal effect with a dearth of capital. During the time that it is unemployed, it is, to all beneficial effects, the same as though we had none. It were well if this were merely a negative loss: it is even worse; it is a positive loss; for during the times of its unproductiveness, it lies on hand an encumbrance, always in the way; and requiring care to preserve it from the weather and protect it from injury and depredation. Besides this source of expense, capital of every kind is perishable; it is at all times going to waste and decay, whether employed or unemployed, and the cost of repairing its decay, and reinstating it when no longer fit for use, is considerable. Contrast this with the economy of capital, the amazing produce it yields, and the skill and facility of execution which an extended and minute division of labour effects. For example, in the manufacture of watches, there are one hundred and two distinct branches followed as separate trades. It is one distinct trade to make the wheels, and another to make the pinions to them; and so of all the other parts of the watch. In this way, the quantity of capital required by one manufacturer is a little brass for the wheels, and by the other, a little steel for the pinions, with the few tools used by each in his separate trade. But mark the result. Not only by such minute division of labour is the work executed with such exactness that chronometers are made to go round the world without varying more than two seconds of time, but the whole capital employed in the trade is in a constant

state of activity and productiveness, and never an encumbrance on hand.

Eighthly, such minute division saves a waste of materials, as well as time, both in learning the trade, and in the subsequent working at it. In the one hundred and two separate branches of the watch trade, to each of which a lad may be apprenticed, if one hundred and two lads be apprenticed, each to his single branch, and to that only, they must be expected to spoil incomparably less work in the learning than they would do, if all were to learn the whole one hundred and two branches. With regard to the daily performance of the art, journeymen are constantly liable to spoil or waste materials, and turn bad workmanship out of hand, through want of sufficient attention and expertness; and this without being in general chargeable with a want of skill or care. But an exclusive application to one particular process gives so great expertness of hand as to avoid this.

The division of labour saves the waste, and supplies the deficiency of materials in another way. If it were not for the division of employment, every man must supply all his wants by his own personal exertion, and commerce would have no existence. But let us see the evils which, in such case, would assail a solitary unaided exertion. "Can the independent supplier of his own wants predict exactly the capacity of his stomach, or his family's stomach, or even the number of that family for the year? If he could, can he also foretell the produce of the soil, and the accidents of the seasons? Is he sure therefore that his best-regulated exertions will procure him exactly enough of food to supply his yearly wants? and that no useless supplies will be produced? Will the leather for shoes, thongs, and other uses, always require a whole hide, neither more nor less; the chairs or table always require a whole tree, neither more nor less; the coat exactly a whole fleece? and so on of all other rude materials. If there be a deficiency or superfluity of food, clothing, or other manufactured articles, what is to be done with this superfluity? How is this deficiency to be supplied? Is the superfluity to be turned to no account, to be an absolute loss? Is the deficiency to be submitted to, with its train of privations, famine, sickness, and perhaps death?" Where is the remedy for all these to be found, except in the

division and combination of employments, and the interchange of commodities to which that division gives rise?

Now the economy of capital and prevention of its waste, through these two circumstances, afford the means of employing capital and machinery in the arts of a greater power and to a greater extent, and thus of augmenting and improving the productions of industry.

Ninthly, when a man follows a variety of occupations, they must necessarily be for the most part carried on in places at some distance from each other; and a loss and waste of time must be occasioned in changing from one to another. Now the distribution of employments saves this time which would otherwise be wasted in changing from one kind of labour to another, and going from place to place in order to perform it. Were a man to procure his own food, make his own clothes, construct his own dwelling, make his tools, and do every thing else necessary for the supply of his wants, the greater part of his time would be lost in shifting from one occupation to another, moving from place to place, shifting his tools, fetching and adjusting his materials, and stowing away these materials and tools, when not in use. It is impossible to pass very quickly from one kind of work to another, that is carried on in a different place, and with different tools. A country weaver, who cultivates a small farm, must lose a good deal of time in passing from his loom to the field, and from the field to his loom. When the two occupations can be carried on in the same workshop, the loss of time is, no doubt, much less. In this case, however, it is considerable. A man commonly saunters a little in turning his hand from one sort of employment to another. When he first begins the new work, he is seldom very hearty at it, and for some time he rather trifles than applies to good purpose. "When the human hand, or the human head," says Mr. Babbage, "has been for some time occupied in any kind of work, it cannot instantly change its employment with full effect. The muscles of the limbs employed have acquired a flexibility during their exertion, and those to be put in action a stiffness during rest, which renders every change slow and unequal in the commencement. A similar result seems to take place in any change

of mental exertion; the attention bestowed on the new subject is not so perfect at the first commencement, as it becomes after some exercise. Long habit also produces in the muscles exercised a capacity for enduring fatigue to a much greater degree than they could support under other circumstances." * The habit of sauntering, and of indolent application, which is naturally, or rather necessarily, acquired by a country workman, who is obliged to change his work and tools every hour, and apply his hand in many different ways almost every day, renders him almost always slothful, and incapable of vigorous application, even on pressing occasions. Independently, therefore, of his want of dexterity, this cause alone must reduce considerably the quantity of work which he is able to perform. But, by a peculiar and exclusive direction to some one single occupation, all this loss and waste of the energies of the body and mind are avoided, and the attention which is so slowly transferred, has no need to transport itself and settle upon a new object.

Tenthly, the distribution of employments enables us to take advantage of the peculiarities of soil and climate, of different lands and in different countries, in devoting each of them to raise exclusively those productions to which they are especially congenial. "Nature, by giving to different districts different soils and climates, has adapted them for different productions. One tract of land is peculiarly fitted for the growth of grass, another seems as exclusively destined for the production of corn. In one country, the vine grows luxuriantly, while the animals which feed upon its pastures have but a poor and scanty covering; in another country, the grape ripens but imperfectly, while the fleeces of the animals it feeds furnish the materials of clothing in abundance. Now, it must be obvious to the most inattentive observer, that by establishing a distinct and separate direction of industry in these districts, and in these countries, the productions of the earth will be multiplied to an extent which cannot easily be calculated. If we sow corn on our arable land, and feed cattle on our pastures; if we cultivate the grape beneath a congenial sky, and breed sheep where their fleeces will be abundant; then shall we enjoy more corn and cattle,

* Economy of Machinery, p. 133.

more wine and clothing, than if we reversed the order of nature, ploughing up our meadow grounds and leaving our arable lands under grass, converting our vineyards into sheepwalks and our sheepwalks into vineyards." *

In the eleventh place, not only is the adaptation of the crops to the nature of the soil, and climate under which it is situated, dependent on the distribution of employments; but the alternation of these from season to season is likewise dependent on the same distribution. It is sufficiently known that the resources of the land are husbanded, and the produce it yields greatly increased in quantity and quality, by a judicious succession and alternation of crops.

Lastly, the division of employments is the attendant, and the necessary preliminary to the existence of commerce, by which alone we can be supplied with the endless variety of productions of every quarter of the globe. Mercantile industry will be treated on hereafter, and therefore will not be further noticed in this place. It may be observed, however, here, that the advantages resulting from mercantile industry, can only be possessed through the medium of a division of employments.

But, in order to show more forcibly the advantages accruing from the division of employments, and its accompaniment, the interchange of commodities, let us observe for a moment the effects which would result from a suspension of that division and interchange. One man may have acquired a peculiar expertness and skill in a particular kind of labour; and another, in another kind. Moreover, men have peculiar organizations, adapting them more especially for one occupation rather than another; some are of weakly constitutions, from defective organization, disease, or accident; others are healthy, robust, and of great muscular strength, fit for the most laborious and trying occupations. One man may live in the neighbourhood of water or wood, and hence may find it more easy to catch the fish, or make the tools, the materials for which are at hand; his fields may be adapted to some peculiar culture, and to that only. These, and such like peculiarities, however, can only be made advantageously available, or the disadvantage of the peculiarity

* Torrens on Production, p. 156.

obviated, through a distribution and selection of employment. Without these, the disadvantages under which industry must labour, are sufficiently striking. "The weaver, for example, would no longer fabricate a greater quantity of cloth than he thought necessary for his own consumption; but would, on the contrary, be obliged to supply his wants and gratify his desires by combining in his own person a great variety of occupations, and would become expert at none. Again, the occupier of arable land, being, by the supposition, no longer able to exchange his surplus corn, would cultivate no more of that grain than he thought necessary for his own use. Those fields, the produce of which he formerly disposed of in the market, would now lie waste, or else be made to yield a scanty supply of some article not congenial to their soil. Similar interruptions would take place in the occupations of the grazier. We should see cattle feeding in the neglected corn-field, and the moist meadow ploughed up in order to produce grain. Man being no longer able to give his labour the direction calculated to co-operate with nature, the productive powers of agricultural industry would sustain a great diminution, and the earth would yield him but a very inconsiderable portion of the wealth which it is capable of affording."*

In the division and combination of labour, civilized society presents the aspect of a great co-operative system, in which every member is dependent on the aid of others in every thing that he does, and for every thing that he enjoys. "All society is, in fact, one closely-woven web of mutual dependence, in which every individual fibre gains strength and utility from its entwinement with the rest." This construction of the great machine of human society eminently displays, in its effectiveness, its complete adaptation to the attainment of its ends, and in the harmony with which the movements of its several parts proceed, the wisdom and benevolence of design of the great Author by whom it was framed, and by whom its operations are still sustained and directed.

What has been now advanced must show that the benefits which the division and combination of labour are mainly instru-

* Col. Torrens, p. 160.

mental in procuring, are of inestimable importance, and such as greatly exceed what an inattentive observer might conceive to result from so simple a circumstance. Through the heightened efficiency of the bodily and mental powers of exertion thus obtained, and the economy and husbanding of improved talents and capital so effected, the greatest results are made to follow from their employment; the productions of industry of every kind are multiplied and improved, and the sciences advanced in all their departments. By such means, the cost of production of commodities is lessened, and an abundant supply causing producers to apprehend that they may be undersold, induces them to lower the prices of their goods. Competition soon brings down the profit of practising any new and cheaper method to the level of the old, and each producer is compelled to adopt the new method, from its being necessary to enable him to stand against the competition of the rest. It may be possible, however, from peculiar circumstances, that money prices generally may not fall from an extension of the division of labour. At the time that such extension may be applied generally throughout the different branches of business, a like extension may be applied to the working of the mines; and thus while improvements may cheapen the production of goods, similar improvements may simultaneously cheapen the acquisition of the precious metals, and the relative values of goods and money remaining undisturbed, money prices may continue the same. But though prices should not be lowered, the beneficial consequences which must ensue, are notwithstanding equally substantial. An increased efficiency of labour must cause every workman to have a larger quantity of his own work to dispose of, beyond the occasions of his own use; and as every workman is in this situation, each is enabled to exchange a larger quantity of his own articles, for a larger quantity of those of other workmen, causing all parties to be more amply supplied. When the prices of goods are lowered, or generally a larger supply on all sides is brought to market, the demand is likewise increased, and industry thereby stimulated to renewed exertions. By the means now spoken of, not only are our personal comforts multiplied, but the power is given to support in comfort a population

beyond comparison greater than could otherwise be maintained; and thus to multiply also the recipients of enjoyment. Every obstacle therefore which is thrown in the way of the extension of the division of labour, is a universal injury, preventing the augmentation and improvement of the necessaries and conveniences of life, checking the advancement of science, and hindering the multiplication of the human species.

A considerable division of employments is more easily effected in large than in small manufactories, and in consequence, commodities are produced at a cheaper rate in the large than in a small way. Besides, when the labour is chiefly in attendance, as it is in some businesses, the same attendance is required where the product is small as where it is large. A large brewery, for instance, employs but a few more men than a small one, except in the bringing in of the malt and hops and the delivery of the beer: the machinery does the greater part of the work, and the labour is chiefly in attendance. Similar advantages occur in agriculture when it is carried on in the large way. The same shepherd who is required to tend one hundred sheep, would tend twice that number. The same journey to market will serve for the sale or purchase of a large as for a small quantity of goods. By the saving of labour and expense in the production of commodities, the sale price must be in a measure kept down, and the consumer be thereby benefited. But notwithstanding these advantages, there exists a great prejudice against large capitalists; against the monopoly of small farms, and the throwing them into large farms; as well as against combining the capitals of many individuals into one firm; as though the public prosperity were injured thereby.

In the change from carrying on business on a small scale, to carrying it on in the large way, the small capitalist doubtless sustains a loss when compelled to betake himself to some other employment. But this is a temporary evil only. The great, or as he is sometimes improperly called, the overgrown, capitalist, can supplant the small dealer only by underselling him; and he cannot undersell him, and at the same time gain the customary rate of profit, unless conducting business upon an extensive scale diminishes the labour and expense of carrying it on. But if

proportionably less capital, or less labour, is required to carry on business on a large scale, there must be more capital or labour available for further production in other ways; and the mass of commodities to be enjoyed must consequently be augmented. Now, in whatever degree the large capitalist can undersell the small one, and in whatever degree he contributes to increase in a greater ratio the mass of commodities, he must in that degree benefit the consumers; in which benefit the small dealer himself cannot but participate, so far as he is a consumer, when he has become established in some other occupation. The temporary evil of the change, then, is more than compensated for by the permanent and universal good which such change produces. There may be moral advantages accruing from conducting business by means of many small capitalists, instead of by a few large ones; and, on the other hand, there may be moral evils arising from conducting business on the opposite plan. Of these, if there be such, we say nothing, as not coming strictly within the province of our subject. But looking at things solely in a pecuniary point of view, the benefit of the large way is decisive.

In opposition to the views now taken, the English law forbids more than five partners engaging in any business, and thus sometimes prevents those advantageous combinations and extension of the division of labour which might be made. In the original enactment of the law, the object was to prevent forestalling and engrossing a monopoly of goods. In the present state of society, however, there is little danger to be apprehended from combinations for such an object; and the urgency of the reason having ceased, the continuance of the law in the same strictness does not seem to be warranted. An extension of freedom as regards the number of partners has lately been made in favour of the banking business, and it is to be hoped, that the same liberal policy will be extended to business of other kinds.

Agriculture is one of those branches of industry which are least capable of a great division of labour. It is not common to meet with such large concerns in agriculture as in manufactures; nor can the business be divided amongst many producers.

In manufactures it is otherwise. In watchmaking for instance, the making of the wheels, the spring, the face, the hands, the glass, the case, the assaying of the metal, are entirely different branches of the trade, carried on by different persons and in different places; and besides these, there are a great many other trades connected with the making of a watch. The face is brought from Venice, the wheels from Lancashire, and the whole is finished and put together in London. Agriculture admits of no such division of employments, and hence perhaps one cause why the practice of agriculture, and the implements employed, have not arrived at that degree of perfection we see in some branches of manufacture. The extent of the surface of the land on which the cultivators are required to work, and the bulky nature of the produce, oblige them to work at a considerable distance from each other, and prevent their being concentrated on one spot, to combine their joint exertions in raising one and the same kind of produce, by a distribution to each of a different operation. A great variety of distinct kinds of labour is required, and these successively at different seasons of the year: we cannot employ one man continually in sowing, because the seed is sown only at certain times of the year; neither, for the same reason, can we employ another always in reaping. Besides, the whole of a farm is not devoted to one kind of cultivation, or the same kind of cultivation continued upon a field for a succession of years. Every labourer, therefore, is required to perform in succession many different kinds of work, and cannot acquire that dexterity of hand, which, in manufactures, is gained by the constant performance of one simple operation, and which gives such an astonishing facility and beauty of execution. Agriculture is not susceptible of any regular and uniform system, but requires a succession of expedients and directions suggested by an infinite variety of changes of circumstances.

"When the division of labour has once been thoroughly introduced, the produce of a man's own labour can supply but a very small part of his wants. The far greater part of them are supplied by the produce of other men's labour, which he purchases with the produce, or, what is the same thing, with the

price of the produce, of his own. But this purchase cannot be made till the produce of his own labour has not only been completed, but sold. A stock of goods of different kinds, therefore, must be stored somewhere, sufficient to maintain him, and to supply the materials and tools of his work, till such time at least as both these events can be brought about. A weaver cannot apply himself entirely to his peculiar business, unless there is beforehand stored up somewhere, either in his own possession, or in that of some other person, a stock sufficient to maintain him, and to supply him with the tools and materials of his work, till he has not only completed, but sold his web. This accumulation must evidently be previous to his applying his industry for so long a time to such a peculiar business."

But although an accumulation of stock must, in the nature of things, precede the division of labour, it would be wrong to conclude, as it has been by Adam Smith and others, that "labour can be more and more subdivided *only* as stock is previously *more and more* accumulated." It is true, "the quantity of materials which the same number of people can work up, increases as labour comes to be more and more subdivided; and, as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging those operations. As the division of labour advances, therefore, in order to give constant employment to an equal number of workmen, an *equal* stock of provisions must be accumulated beforehand;" but not, as he goes on to say, "a *greater* stock of materials and tools than what would have been necessary in a ruder state of things."*

The division of labour, so far from calling for more capital, economizes it; and every extension of that division renders less capital in proportion necessary than before, to employ the same number of men, and carry on the same business. We have noticed already, that were there no such division, and were a man to attempt to perform every kind of labour, and produce every kind of article, for himself, no private fortune would be sufficient to furnish him with all the materials of every kind, with a complete set of tools and machines of every sort, and all

* Wealth of Nations, Book II. Introduction.

the workshops, premises, soils under different climates, carriages, horses, ships, and other things required in the production and transport of the commodities he consumes. It is abundantly evident, that fewer tools are wanted by the workman, when the operations he has to perform are reduced to a greater degree of identity and simplicity; and, although more goods are wrought up, less stock of raw materials is necessary, because they are so much fewer in their kinds; and again, less roomy workshops or premises are required when the work is of a simpler nature. Once more, when the workman has many different kinds of labour to perform, the work is slowly executed, and remains long in his hands. The reverse of this is the case, when the division of employments is greatly extended. With the simplification of the labour to be performed by each man, the work is rapidly executed and finished off. The quicker the work is finished, the sooner the capital is disengaged by the sale of the finished product, and the sooner it returns to be employed afresh in the renewed exertions of industry. But the more quickly the capital is returned, the smaller is the amount necessary to carry on business. Thus the division of labour expedites the production and circulation of commodities; and notwithstanding that a larger quantity of materials is worked up as this division is carried further, the stock is no greater than before. Again, another reason why a larger capital is not required is, that the goods are of less value through the extension of that division, both from a saving of labour in their production, and from the smaller profit required in consequence of the capital being occupied a shorter time about them.

It is true, a greater division of labour can seldom be effected in any one factory without employing more workmen with a larger capital and doing more business in that particular factory; and hence, perhaps, arose the supposition that a larger capital is necessary to a greater extension of the division of labour. But it is obvious, that, without more capital on the whole, business may be carried on in a larger way, and this greater extension effected, by combining the capitals of a greater number of persons as partners in the same concern. Or, the same may be effected without carrying on business in a larger way, merely by

each master, instead of carrying the manufacture through all its processes, confining his business to one or two only, leaving to other masters the other processes necessary in the completion of the article. Mr. Babbage states that, at Birmingham, power is rented. Steam engines are erected in large buildings containing a variety of rooms, in which each person may hire one, two, or any other number of horse-power, as his occupation may require. In this case, the owner or worker of the steam engine, and the manufacturer who employs it, are different persons, and the division of employments may be carried to its fullest extent, without a large capital.

If the people of England, instead of carrying on both the cotton and the silk manufactures, were to give up one of them, say the silk manufacture, and devote themselves exclusively to that of cotton, while on the other side of the Channel, the French should, at the same time, abandon their attempts to rival us in the manufacture of cotton goods, and adhere entirely to the silk trade, while the two countries should freely exchange the cotton goods of the one for the silk goods of the other, such an arrangement would give occasion to carry the division of labour in both these manufactures to a greater extent than has ever yet been done. But so far from its rendering more capital necessary to carry them on, the effect would be directly the reverse. It is obvious that the store of food and clothing necessary to subsist the workmen employed, must be the same whether one or two manufactures were carried on; while from the simplicity in the work to be performed, savings are effected in the number of tools, the quantity of materials, and the room required to carry on the business. No doubt, if population increase, and the number of workmen to be employed in every branch of business be greater, this must call for a corresponding increase of capital, to furnish tools and materials for this additional number of workmen; and although a greater number of workmen may lead to an extension of the division of labour amongst them, this extension is the effect of the increase of workmen, not of capital. Thus, though an accumulation of capital to a certain extent *was* necessary to the establishment of a division of labour, and must have preceded that division, we deny "that its subsequent

division can only be extended as capital is more and more accumulated." Hence, the improvement of society, and the amelioration of the condition of the labourer, does not solely depend on the accomplishment of that arduous, and, to most persons, hopeless task of becoming rich. Happily, an increase in the productive powers of the labourer, and his certainty of procuring a comfortable subsistence, depend on circumstances which, if political measures were favourable, would be of less difficult attainment. This increase may arise from an extension of the division of labour; from a more concentrated and condensed population; greater freedom of exertion; greater facilities of communication and interchange; but, above all, from greater skill and knowledge.

That an increase of capital is not always necessary to a greater division of employment, will plainly appear if we take the case of two independent savages, who should agree between themselves that, instead of both of them going to the chase or fishing, one only should go, while the other occupied himself at home in making bows, arrows, fishing-hooks, and other weapons. It is obvious that, in this case, tools for making these weapons would be required for one man only instead of two, and that the same quantity of food would support the two, whether they should go to the chase together, and at other times both engage in making arrows, or one only should always go, while the other always remained at home and made the arrows.

Notwithstanding that an extended division of labour affords the greatest facilities to industry, and increases in an astonishing degree the powers and enjoyments of mankind, yet it is said that an extreme division is not unattended with evil, in that it degrades in some degree the faculties of man in his individual capacity; incapacitates him from every other occupation than the repetition of that single and uniform operation to which his whole life is devoted; and from the want of exercise to his other faculties, both corporeal and intellectual, and his having nothing to excite their energies, blunts or extinguishes them altogether, reducing him to the condition of a mere machine. These views, so generally received, seem to call for a few remarks. It is true, that in the progress of this division of employments, a man

becomes individually weaker, and more dependent on the general arrangements of society; though the mass acquires strength through this arrangement. Doubtless some variety of occupation must promote the bodily and mental strength of the labourer, by giving exercise to his different faculties: a change and variety, too, may conduce to alacrity of mind. As the agricultural labourer would find his pecuniary interest in being able to practise some art which may be carried on in-doors during the intervals of want of out-door work, through change of seasons or unfavourable weather; so likewise the in-door workman, whose constant employ is in manufactures, or manual trade, may find his health and strength improved by the cultivation of a garden, or occasionally working in the fields in harvest or other busy times for out-door work. But to say, "It is a sorry account for a human being to give of his existence, to have never done anything but make the eighteenth part of a pin," can cast no reflection on him, when both his individual and the public interest are most promoted by his making the eighteenth part rather than the whole pin; as, most probably, he would not be able to make the whole pin in any tolerable manner. The social interest, and thereby the individual interest, of every person, is to be promoted by each performing a particular part, and performing it well; not by every one attempting to perform many parts, and not succeeding in any. What more honour can there be in performing two parts badly, than one well? That which ennobles a man is the performance with zeal and ability of the several duties which devolve on him in the particular station in which he is placed. Before a distribution of employments was established, it was necessary for each man to perform many parts, and amongst others to defend the freedom of his country; but since the establishment of this distribution, it is found that the country is both better and more cheaply defended by allotting this duty to the professional soldier. It is better for the pin-maker to be able to make good pins, and contribute to the maintenance of the soldier, though himself unable efficiently to act in the public defence, while the soldier performs his duty well, though unable to make a pin; than for each to be at once pin-maker, soldier, and of a hundred other occupations, yet unable

to act in any capacity with efficiency. With regard to the intellectual and moral faculties, these are most likely to be improved, by those measures which afford the means and the leisure for improving them; that is, by all such as contribute to heighten the efficiency of labour, save time, and promote individual and public opulence: in other words, by the most extended division of labour. Nothing here said, however, is meant to detract from the utility of cultivating the corporeal powers; much less to affirm that it is not incumbent on a man to be able to act on emergency in defence of his country, or fellow-men, and to perform a variety of offices, both public and private, which circumstances may call for at his hands. All that is contended for is, that the degradation of the labourer is not a necessary accompaniment of a minute division of labour; that such a degradation is the abuse, and not the proper use of it; and that we ought not to think lightly of the advantages of that division, in ameliorating the condition of man, and raising him in the scale of moral and intellectual beings, because an evil may attend its being carried to excess.

Again, it is said that the incapacity for the performance of any other than a single occupation, reduces the individual importance and independence of the labourer, when separated from his fellow-labourers; places him more within the power of the master, and renders him less able to enforce his right to an equitable portion of the produce of his labour. This view of the matter originates in an erroneous apprehension of the circumstances which determine the rate of wages. But as these circumstances will be more conveniently discussed in another place, it will only be mentioned here, that one of the most important means by which the rewards of labour may be augmented is, heightening the effectiveness of that labour. However, in a minute division of labour, the wages which a workman is really entitled to are less than they would be under some other circumstances, because, in this case, less time and expense are necessary to acquire the ability to perform the part assigned him. Less time must be required, as well as a shorter and less expensive apprenticeship, in learning to perform one of the eighteen operations in the manufacture of a pin, than to perform the whole

eighteen; and, consequently, less expense must be incurred. The individual importance in relation to other men of the workman who performs one only of these eighteen operations, is inferior to what it would be if he were able to perform the whole; he is less superior in skill to a common labourer, and his place might more easily be supplied by others. But to facilitate and cheapen the acquisition of the skill to labour, as has been said already, so far from being a disadvantage, is a public benefit of inestimable value; for more poor persons are thereby enabled to engage in the skilled occupations; the money expended in learning trades is lessened, and the saving is available for profitable occupation in other ways. Instead of a few pin-makers with high wages, we have a great many pin-makers with moderate wages. But what is of more importance, instead of a scanty supply of bad and dear pins, we have an abundant supply of excellent pins, which are very cheap. With regard to wages, and the ability to enforce a claim to an equitable portion of the product, although cheapening the acquisition of the requisite qualifications in the workman has a tendency to lower wages in his particular trade, yet it at the same time raises the real rewards of labour, though not the money payment, in all those other occupations the wages of which are expended partly in the purchase of the goods he makes, which are thereby furnished of better quality and at a cheaper rate.

As it is the power of exchanging commodities that allows of the division of labour, so the extent of this division must always be limited by the extent of that power; that is, by the extent of the market. When the market is very small, a man cannot devote himself to one single occupation, for want of the power to exchange all that surplus produce of his own labour, beyond what is wanted for his own consumption, for such of the produce of other men's labour as he has occasion for.

There are some occupations which can be followed nowhere but in large towns. The trade of a nailer, for example, could not be carried on in a remote country place, where the inhabitants are thinly scattered over a great extent of country. Such a workman would make more nails in a day, than he would be able to dispose of in such a situation in a year. Country work-

men are almost everywhere obliged to apply themselves to all the different branches of industry that have so much affinity to one another as to be employed about the same sort of materials. A country carpenter does every kind of work that is required in wood; he is not only carpenter, but joiner, cabinet-maker, and carver in wood, as well as wheelwright, ploughwright, cart and waggon-maker. The country smith does every kind of work that is wanted in iron, and his employments are still more various than the other. The country shopkeeper is grocer, tea-dealer, cheesemonger, tallow-chandler, linen-draper, and vender of an almost endless variety of other articles; each of which in populous towns forms a distinct business, and is carried on by different persons. In these towns, sometimes, a single article of grocery forms the only commodity in which a man deals.

As population increases and becomes more congregated into dense masses in populous towns and cities, occasion is given to extend the division of labour. Whence the powers of industry become more effective; superfluities in consequence are more abundantly supplied and diversified; trades and employments are multiplied, and become as numerous as the varieties of human indulgence, and the caprices of human taste and fancy.

CHAPTER IX.

ON THE FREEDOM OF INDUSTRY.

THE products of industry which a nation may acquire, both by the immediate exercise of its own industry, and by exchanging with other nations its domestic for foreign productions, will be more in quantity, better in quality, and more suited to the wants and wishes of the consumers, in proportion as its industry is freer from the control, whether of legislative regulations connected with public revenue, or of such as are improperly called

protections and encouragements to domestic or colonial industry. It were of no avail that the most consummate skill should be possessed to direct industry in the most advantageous occupations, and apply it in the most successful methods, if the freedom so to direct and apply it be withheld. Without sufficient freedom, all the natural or acquired advantages of soil, situation, climate, capital, and skill may be lost, and the fairest and richest sources of opulence and enjoyment marred.

Social life is supplied with all its necessaries and conveniences through the instrumentality of many thousands of individuals, each performing a separate part, but acting without intentional combination or concert with one another, without any specific task assigned or directions afforded them by a superior presiding authority, without having the good of society in view in such supply, but all labouring only to advance their own personal and distinct interests—interests which seem to be continually jarring and clashing with each other, and to be rather opposed to, than consistent with, the common welfare. And yet, with this seeming contrariety of interests and operations, each individual co-operates with others in conducting a system which works to the good of all, in yielding a most admirable and exactly-measured supply of all the varied articles of necessity and luxury. When we reflect on this fact, and observe that this supply is effected without confusion or waste, without excess or deficiency, nearly compensating even the inequalities of the seasons themselves, by almost exactly apportioning the supply of every article to the demand, with all the ease, order, and certainty belonging to a great natural process, and in a manner infinitely exceeding anything that could be done by the wisest of human beings, whose master-mind should superintend and direct the operations of all the parties, apportioning to each its share of the products, and with a direct view to the public good; we cannot withhold our admiration of the Divine wisdom thus displayed, but must confess that it is equally exhibited in the organization of civil society, and the laws that govern its movements, by which these ends are brought about, as in any of the physical properties of matter in the animal, vegetable, or mineral kingdoms, which accomplish the intended objects in these kingdoms, in the most

wonderful and admirable manner. This daily miracle fails to excite our admiration and astonishment only because it is self-effected, silently, without noise or bustle, and has always been so. The supply of the daily food of our great population is a matter of too great moment to be safely trusted in the hands of any man or body of men, however wise and virtuous. If it were left to the care of one or a few individuals, to what hazards and suffering should we not be exposed, from the errors, neglect, miscalculations, or dishonesty of these individuals! And what disturbances and convulsions might not be expected, when any considerable deficiency in the supply of the first articles of necessity might happen from such errors or misconduct! The means by which this standing wonder is brought about, is the silent though effectual motive of private interest; each individual acting freely in his separate sphere, with a view to advance his own personal interest; an object modified by the rivalry and competition with another, but to which free labour and free exchange are necessary.

By such reflections on the magnitude of the great machine of human society, the intricacy of its complicated movements, and the perfection with which its results are obtained, we must be convinced, that an attempt to improve or mend its organization, would be as great an effort of presumptuous madness, and one attended with as signal and melancholy a failure, as would be an attempt to improve the organization of the animal or vegetable kingdom. And yet, until modern political economy had proved it, the very contrary opinion was not only universally prevalent among all the European nations, but was acted upon to a great and disastrous extent by each of their governments. Their policy has been, by an almost universal and endless interference by legislative enactments, to divert individual and national industry from the natural channels, supposed comparatively unprofitable, in which, if left to themselves, they would have flowed; and direct them into artificial courses, supposed more advantageous to the public, and this with the view of increasing the wealth and resources both of the people and of the state.

The system of municipal protection or encouragement to

national industry of which we now speak, seems to have been first introduced into European policy by M. Colbert. Before his time, Holland supplied all Europe with manufactures, and received in payment the raw produce of other countries. M. Colbert, in order to render France a manufacturing country, issued his famous tariff of 1667, by which the importation of all manufactures into France was prohibited; and, as its consequence, that country has ever since been supplied with her own manufactures, at from one-and-a-half to twice the cost at which foreign manufactures might have been procured, while, until of late years, the greater number of her own have continued to be of the most wretched description. The Dutch immediately retaliated, by prohibiting the importation into their country of the wines, brandies, and other productions of France. These acts of commercial hostility were not long in leading to actual warfare, which broke out in 1672, and lasted six years. Since that period, it is to the same system of endeavouring to overreach in commercial affairs by protective duties and prohibitions, with their consequences—retaliation, that most of the wars in Europe are to be attributed. England followed the example of Holland in prohibiting French productions, and from that time has been amongst the foremost nations in loading her commercial legislation with all kinds of erroneous and mischievous regulations.

This regulating mania proceeded on the mistaken notion, that the protection of industry was a necessary duty of the government. This notion was grounded principally on two suppositions, both of which are erroneous. First, that wealth consists mainly in the precious metals; and secondly, that full and profitable employment for a people cannot be procured without the artificial aids afforded to it by government regulations. Thus acting constantly on false views of the nature of things, the mischief which has followed has not been occasional and temporary, such as might have been expected from occasional deviations from just principles, but has been extensive and permanent, the necessary consequence of evil pursued upon system. Against these two suppositions, accordingly, our remarks will be directed.

The precious metals are employed partly for use, and partly for splendour and decoration, in the form of plate, trinkets, and other gold and silver articles, and in silvering and gilding. Doubtless it is an advantage to a nation to be able to acquire a sufficient supply of these metals for such purposes. The other and chief use to which they are applied is as a circulating medium to facilitate exchanges and payments.

Although money is the chief object of the exertion of individual industry, since with it every thing of value which is at all procurable may be purchased, and although, being thus the direct and immediate object, common estimation assigns it to be the only object, it is not, except in the case of some few miserly and miserable hoarders of it, really for its own sake that it is desired, but for an ulterior purpose, and to be almost immediately parted with again in payment for other things to be purchased with it. No one consumes it in any degree, nor does any one retain it in hand; and thus the same pieces of money perform in quick succession the same office for different individuals, and, being retained by each only for a short time, they continually circulate from hand to hand, without sensible loss or diminution. Since, then, money is not itself consumed or retained by any of the persons into whose hands it passes, a certain amount, according to the purchases and payments required to be made, is sufficient for all the purposes to which it is applicable. Not being itself an article of use or consumption, the possession of a large quantity of it by a nation is consistent with an absolute destitution of all articles which contribute to the use and enjoyment of the people; while, on the other hand, the possession of a small quantity, or even of none at all, is likewise consistent with an abundant supply of everything useful and convenient. If more money than is required for the purpose of circulation were accumulated in a country, no useful object could be gained thereby. Like the carriages and vessels by which our goods are transported from place to place, if there be enough to transport the goods, it is sufficient; and to build more, in such case, could answer no beneficial purpose; since the goods themselves would not be in the least increased thereby. So it is with money, which exchanges goods between individual and

individual. If more be accumulated than is sufficient to effect the exchanges required to be made, as the goods to be exchanged will not be increased thereby, the excess will be useless, and the consequence will be, that the whole value of all the money thus augmented will remain the same as when it was less in quantity, and each individual piece of coin will sustain a corresponding depreciation in value. The utility of money consists, not in the gold and silver it may contain, but in the *value* it possesses. A kind of money of large volume is in no way superior to one of small volume, when its value is not greater; and whatever be the weight or bulk of the material of a country's money, so long as it must be confined within that country its value will still at all times equal the value of the purchases and payments it has to effect, and can never either exceed or fall below it. Thus, without a freedom to export its money, the riches of a country cannot be increased by an unnatural accumulation of it.

From the erroneous conception of the nature of wealth, which has been before spoken of, as consisting mainly in the precious metals, and the supposition that a country is rich or poor in proportion to the large or small quantity of these metals which it possessed, it was thought a wise policy to accumulate them. Such being considered the shortest and only effectual road to national opulence, every possible expedient was resorted to by the different European states that promised to bring money in, and to prevent its going out of their territories. The attention of government was directed to the amount of the exports and imports of its foreign commerce, and the cash balance to be paid or received in specie; which was considered *favourable*, when the value of the exports exceeded that of the imports, and money consequently was to be received; and the reverse, when the opposite to this took place, and money was required to be paid. In order to cause as favourable a balance of trade as possible, as well as for the additional purpose of affording full and profitable employment to their own people, duties and prohibitions were laid on the importation of such foreign produce, and manufactured goods, as could be grown or manufactured at home; in particular from those countries that did not take

their own goods in return, and with which the balance was accounted *unfavourable*. Besides these duties and prohibitions, the exportation of raw produce was prevented as much as possible, and that of wrought goods encouraged; the former by prohibitions or duties, and the latter by, not merely an exemption from duty, and drawback of such duty as might have been previously imposed, but sometimes by an absolute bounty paid on their exportation. The same ends have been sought to be obtained through treaties of commerce between different states; by which peculiar privileges, exemptions, and monopolies, have been conceded to the merchants and goods of one state in the markets of the other. Colonies, too, have been founded in distant countries for the same objects; with a monopoly reserved of the supply of their markets for the merchants and productions of the mother country.

Such has been the origin of the chief part of the intricate, complex, and senseless regulations which crowd the commercial codes of modern civilized nations, and harass industry in a thousand ways. But though the views and maxims of the exclusive or commercial system are absolutely groundless, and have for the most part been long since exposed, to say nothing of its having been sufficiently proved that mischief is the only result which can follow from acting on them, there are, nevertheless, still to be found individuals and nations who, from ignorance, prejudice, or interest, adhere in a greater or less degree to them, while the regulations themselves are suffered to continue with scarcely any relaxation in their strictness. National industry has grown up and accommodated itself to the artificial and unnatural position in which they have placed it, and cannot now without serious injury be abruptly returned to that free and wholesome position in which its energies would have been exerted with the best effect. The financial system, too, of most countries is intimately interwoven with and dependent on this artificial state of things. Hence, in many instances, such state of things has been perpetuated not only by the difficulties attending the change, but by the public revenue it affords. There are, however, means of raising a revenue sufficient for the public service without resorting to a system of restraint on industry, which

superadds to the burthen of taxes the mischief resulting from the restraint.

It has already been shown that it is absurd to attempt to enrich a country by a forced accumulation of money beyond the natural wants of the circulation; since, whatever be its quantity, its value, the only useful quality it possesses, must sink to and meet the level of the payments it has to make. Not only is it impossible to enrich a country by such an accumulation for this reason, but it is impossible also because the money itself cannot be procured from abroad except by an exportation of goods of an equal value to that which the money bears in foreign countries; while a depreciation in value taking place when brought home, a national loss must be sustained upon the transaction, equal to the depreciation. Neither can a country be impoverished by that exportation of its specie which takes place in the course of trade; because the goods it purchases and brings home are of higher value by the amount of the merchant's profit; for unless he gained a profit, there would be no inducement for him to undertake the trouble and risk of the adventure. The riches of a country do not consist in its gold and silver only, but in all those things which are useful or desirable, and that require some exertion to procure or to preserve. When such things are possessed in abundance by any people, they will not long be without as much of the precious metals as their circumstances require, or as is advantageous for them to keep. If the quantity of specie they possess be at any time more than sufficient for its uses, and a profit can be made by sending it abroad, it is quite as fit an object of exportation as any other, since the excess retained at home yields no advantage; and if it be merely a temporary excess, it will be sure to be brought back again when the returning wants of circulation shall again raise its value. The balance of trade cannot always incline one way. On the average of years, the balances of purely commercial transactions must meet each other, (losses excepted,) since neither the home nor the foreign merchant will part with their goods except for an equivalent. If the balance on the whole be more on one side than on the other, it must be occasioned either by the transport of capital for foreign investment,

or by the expenditure of revenue by governments or individuals out of their own country. It is equally impossible to prevent the export of specie and of capital. Spain, notwithstanding her prohibitory laws, for centuries supplied all Europe with silver. Great Britain, too, found it impossible by the severest enactments to prevent the exportation of its gold coin. Capital is still more easily exported. It may be sent not only in the shape of money, but in that of goods of all kinds. It is most usually exported in the shape of bills of exchange, which are ultimately liquidated by goods.

The natural wants and the artificial desires of the individuals composing a society occasion a demand for the products of industry, and direct the labour of that society into the different occupations in certain quantities or proportions to each other, according to the relative magnitude and intensity of these wants and desires. Industry, when left to itself, naturally flows into different occupations in this proportion, since their products are in request in this relation to each other, and because for that reason, such occupations are the most lucrative. Industry at least thus flows in that measure which the skill and capital of individuals enable it to embark in these occupations. The nature and urgency of the wants and desires of individuals can only be judged of by themselves; and when authority steps in, and says, that this particular product which you are about to create is less beneficial to you than some other would be, it interferes in a matter about which it cannot but be ignorant; and in preventing certain individuals from producing such products, it diverts part of the productive energies of the nation towards an object of less desire, and more or less unsuited to the wants and wishes of the people, at the expense of others of more urgent desire. It does this, too, in a greater or less degree, in proportion as it diverts industry more or less widely from the natural course which it would follow, if left entirely free.

But it may be asked, Is it not possible by authority so to regulate and direct the exertion of industry, as to render it more successful and more beneficial to the whole community than it would be if left to itself, and each individual were allowed freely to act as he pleased, regarding only his own personal and private

interest, and without reference to the public good? It must be confessed that this is possible. But the public good, as it is made up of the good of individuals, can only be promoted by promoting the good of individuals; and while each individual is advancing apparently nothing but his own personal interest, he is advancing likewise the general interest, except it happen that his exertions tend to the detriment of some other individual or individuals, as much as they tend to his own benefit. It is true, excessive competition in a particular business tends to the injury of the persons engaged in it; but this is not a public loss; because the low prices which this competition produces, are so much gained by the purchasers of the goods; and the advantage on the one side is as great as the loss on the other, while the saving is applicable to expenditure in other directions. Restrictive regulations in themselves produce no one article of wealth or any other effect, whether beneficial or injurious, except as they direct industry. If they operate at all, they direct industry into a course in which it would not otherwise flow. The real question then is, whether the artificial direction, which is thus given to industry, renders it more or less productive than it would have proved had it been left free to follow that path which individuals would have sought out for it. But why was it necessary to make any regulation or impose any restraint at all, if it had not been that the artificial direction of industry, although supposed beneficial to the public, was prejudicial to the individuals concerned in it? If legislative regulations were the expression of a knowledge of business more intimate, more profound, and yet more extensive, than that of the people themselves, they would in such case have a decidedly beneficial effect on both public and private wealth. If statesmen were acquainted with everything, and the agents of administration were always pure, they would do good by their interference with industry. But, independently of errors and abuses of administration, (the inevitable consequences of such interference,) it is impossible for governments to be so well acquainted with business, and the circumstances and capabilities of individuals engaged in it, as those individuals themselves. It is the constant study of every man to find out the most advantageous methods

of employing his capital and labour; and it may fairly be taken for granted, that every man in his local situation, and with his attention directed more especially to a particular department of business, sharpened too by the personal interest he has in the inquiry, must be able to judge, better than any statesman can do this for him, of his own capabilities, and in what way his capital and labour may be employed to produce, both as regards the time present and the future, the greatest return. If, however, the individual should not be acquainted with the best mode of conducting his business, still it is not necessary to make any compulsory regulation on the subject, and to visit him with penalties for his ignorance. It is sufficient merely to show to the workman, in a clear and intelligible manner, a better way of doing his work, and his interest, so far as he is able to act upon it, will infallibly determine him to adopt it. But if he is better acquainted than any other person with the best mode, then, to make any regulation, or lay any impost, that shall at all occasion a deviation from the course he would otherwise pursue, must, in almost every instance, deprive him of advantages which circumstances offer, and compel him to submit to disadvantages that might have been avoided. So far from statesmen having hitherto had more exact and comprehensive views of industry than individuals, and being better able to direct it in the most advantageous course, they have always been the dupes of interest and prejudice. The different classes have endeavoured by artifice and conspiracy to obtain legislative favour at the expense of the rest; and thus such interference has uniformly proceeded on erroneous statements, or false views of the nature of things, and false maxims built upon them. It was to be expected, therefore, as it has proved, that authoritative interference should produce nothing but mischief. As thus individuals must in almost every case be injured by restrictive regulations, it is easy to perceive that this circle of private injuries, in which all parties have been losers, cannot consist with the public good. The state, as made up of individuals, must be benefited or injured through the medium of individuals, and in the measure as the sum of individual benefits exceeds or falls short of the sum of individual injuries. If a man, in pur-

suing his own private interest, injure no other person thereby, or injure another in a less degree than he benefits himself, and this without using fraud, annoyance, or violence of any kind, the public advantage consists in leaving him at liberty thus to pursue his private interest. When every person directs his capital and labour in the way which is most advantageous to himself, and while he adheres to the rules of justice, it is impossible to conceive how others can be injured thereby. If the regulation affect or apply to the cultivation of the soil, it must condemn our lands to the growth of products ill-suited to them, and this in excess or deficiency of quantity, instead of allowing them to raise such as they are better calculated for, or which will afford a return more natural in proportion; and, consequently, compel us to grow at a high cost, what we might buy cheap from other places where it is produced at a lower cost. The same observations apply with equal force to manufactures. In commerce, too, a prohibition or restraint on the trade in any commodity, is a prohibition or restraint on the supply of our wants and the gratification of our wishes; compelling us to keep things of little use to us rather than exchange them for things of more use. There can be no injury apprehended from the interchange of commodities; for people will not part with what they possess for things of less use or value to them. Every voluntary exchange implies a preference on both sides of the thing received to the thing given, and cannot but tend to the increase of the enjoyment arising from wealth. There needs, then, no legislative interference, either to check, to excite, or to regulate these exchanges: the sense of one's interest is fully sufficient for these purposes. To check them, is to assume that the unrestricted supply of our wants and desires would be mischievous to us; or that we do not know what is really agreeable or useful to us. It is by such checks and restrictions that artificial difficulty of attainment is created, over and above the difficulties interposed by nature; while through the restraint imposed on the complete division of employments, the effective powers of labour are kept down. Hence the constant tendency of such legislative interference, is not to advance, but to retard the prosperity of nations.

But to return to the question, Is it possible by extrinsic regulation so to arrange and direct the industry of a community as to cause it to be more successful than it otherwise would be in yielding the largest quantity of products, and such as shall be most adapted to the wants and wishes of the people? To this I answer, such a thing is possible in a certain measure; though it may be fairly doubted whether it would be expedient to apply force for the purpose. But admitting that legislative regulation might be so applied to industry as to conduce to the public interests, it is nevertheless absolutely certain, that the policy hitherto acted upon has not only failed to do so, but has produced results the very reverse of those that were intended and expected from it. In fact, the kind and mode of interference which should operate successfully must depend wholly upon existing circumstances. That which at any time may be most suitable under existing circumstances must be temporary only, depending on the continuance of those circumstances, and the attainment of the object sought for. For example, if the supply of any article either exceed or fall short of the demand for it, and regulation be adopted to remedy the evil, such regulation must be changed when the supply has been made to meet the demand; for if it were continued, a disparity would be occasioned on the contrary side. To prescribe by law a fixed and unalterable mode of conducting business, under all the changing circumstances that future times may bring about, but which until they are disclosed cannot be distinctly seen, is to prevent industry from adapting itself to those changes. The powers of man are progressive in their nature; and progress is necessary to our well-being. The arts and processes which our forefathers thought the summit of human skill, their more expert descendants find to be but the rude efforts of a comparatively barbarous age; and those which we, in the present day, admire as perfect, our successors will doubtless hereafter consider equally rude with what they will be capable of producing. To fix, therefore, at any point a rule, as perfect, to be for ever after followed without deviation, would be putting a bar in the way of improvement from the advancement of knowledge, and would be an attempt to chain down after-ages

to our own limited conceptions. Established regulations hitherto have been fundamentally wrong, both from having originated in error, and from not having been adapted to changes of circumstances. Consequently, they have done mischief by wholesale, as well in the times of their first introduction, as in all succeeding periods.

A great part of the restrictive system of commerce has been established with the intention of encouraging industry by affording it full and profitable employment. An extreme solicitude has been evinced by governments, to prevent as much as possible the importation of all those foreign *manufactured goods* which could be produced at home; to promote rather the importation of the *raw materials;* to check the exportation of the *unwrought produce* of domestic industry; and to induce the exportation of *finished goods* of all kinds, whether made up from foreign or domestic materials. It was thought that by such a plan, the preparation and manufacture of the materials must infallibly promote national opulence, by giving employment to domestic industry. It may be expected, if employment is to be afforded to our workmen by getting foreign materials, withholding from other nations our own materials, but working them up ourselves, and parting with nothing but finished goods, that, in the same measure as employment is in this way procured for our workmen, foreign workmen must be deprived of it. But, setting aside the question as to the justice or propriety of thus endeavouring to enrich ourselves by overreaching and impoverishing our neighbours, it may reasonably admit of doubt whether this cunning policy can be founded on such sound and enlarged principles as accord with the order and harmony in other respects subsisting in the universe, and the wise adaptation of its different parts to each other. Is the condition of humanity such that the welfare of one country is incompatible with the welfare of others, and that the people of one nation cannot acquire the comforts of life but at the expense of the ruin of its neighbours? Such narrow and exclusive views are not less repugnant to the generous feelings which ought to actuate us as men, partaking of the same common humanity, than they are opposed to fact. In another place, the question of em-

ployment has been discussed, and those circumstances stated which are favourable and unfavourable to the full occupation of industry. An examination of the principles there laid down, is sufficient to give a just idea of the value to be assigned to the artificial aids afforded by government regulations to workmen in acquiring full and profitable employment, and in what measure they are likely to succeed or fail in their intended object. It is there shown, that employment and a want of employment result from circumstances of a character wholly different from the state of things which such regulations establish. If employment cannot be created or increased by such a state, what is it that regulations and restraints can be expected to produce? If they be for the purpose of encouraging industry, the thing is in its very nature absurd. How can industry be encouraged by debarring the workman of the opportunity of employing his labour and capital to the best advantage, and by raising obstructions in the way of his exertions? "Before a hand were raised or a thought directed to *encourage* the exertions of industry, let the mountains of obstructions which repress them be removed."

The employment afforded to domestic industry by the restrictive system, which has been now mentioned, must evidently appear to be not greater than would be procured under a state of freedom, if we reflect, that whatever purchases are made from abroad must be paid for, either with the produce of our land and labour, or with something which has been previously purchased with that produce; since there is nothing else with which we can pay. If raw materials are purchased from abroad, to be worked up by domestic industry, they are paid for with a *small* quantity of the produce of our land and labour, because being in an unwrought state, they are consequently of small value. If manufactured goods are purchased from abroad, they must be paid for with a correspondingly *large* quantity of the produce of our land and labour. Supposing, therefore, labour to be equally well remunerated abroad and at home, it comes to the same thing, as far as employment and profit are concerned, whether we raise a *small* quantity of produce from our own land, and bestow but little labour upon it, to purchase raw materials from

abroad whereon to bestow *more* labour, or whether a *large* quantity of produce be raised from our land, and a *great deal* of labour be bestowed on it, in order to purchase goods from abroad already in a *completely manufactured state*. In every transaction value for value must be given, and, unless labour be better remunerated, or more efficient, in one country than another, equal labour for equal labour.

But it is sometimes said that foreign nations possess advantages over the home producers, whether from lower rents, taxes, or wages, and that duties on the importation of foreign productions are necessary to place domestic industry on an equality with the foreign, and protect it from a ruinous competition; without which protection business could not be carried on, and the workmen would be reduced to beggary. However, in the different arts and manufactures, nations, equally with individuals, possess advantages, and labour under disadvantages, peculiar to themselves, and can, accordingly, produce some things cheaper, or with less labour, in proportion to their quality, than other nations; while some other things can be produced only with greater difficulty, at a considerably greater expense, or perhaps not at all, in consequence of peculiarities of soil, climate, and other circumstances. But no nation possesses either an equal facility, or labours under an equal difficulty, of production with every other nation *in all the departments* of industry. In different countries, indeed, the people are taxed in unequal degrees, and possess different measures of facility in industry in general, and on the average of its different departments. The poor and ignorant nations cannot acquire a supply of their wants in the same abundance, and with equal ease, with those richer and more skilful nations whose industry has attained a high degree of efficiency. But, notwithstanding a *general* superiority or inferiority in the powers of industry in different countries, there is still a difference in degree in the different occupations, and it is through this *relative* inequality that the advantage arises of exchanging the productions of such branches as are less difficult at home, for others which are more so, but not in the same degree, in other countries.

The most ignorant and uncivilized nations, whose powers of

industry are on the average at the lowest point of the scale, possess in some branches a superiority over the most polished, the effective powers of whose industry are in most other branches at the highest point. The savage tribes of North America possess superior facilities to ourselves in the acquisition of furs; and if, to encourage British industry, we should prohibit the traffic with them, it would doubtless cost us a much greater sacrifice to produce furs of equal quality at home, than it now does to procure them by means of the trade carried on with those tribes.

Dr. Smith on this subject observes, "It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. What is prudence in the conduct of a private family, can scarce be folly in that of a great nation. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The industry of the country is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of the annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the supposition, that commodity could be purchased from foreign countries cheaper than it can be made at home. It could, therefore, have been purchased with a part only of the commodities, or what is the same thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course."

The argument for the restrictive system, that domestic industry labours under disadvantages in comparison with foreign industry, may be applied with equal force to the importation of all foreign productions whatever, and to exclude the people of

every country from consuming any article which was not produced by themselves; for no foreign goods will be imported except they be produced under some relative superiority in circumstances to ourselves, so as to afford a profit on importation; and thus, even the productions of the tropical countries might be burthened with duties for the purpose of enabling domestic industry, under the name of protection, to misapply and waste its resources in forcing by artificial means the growth of such productions, or of substitutes for them. The same author who has been just quoted observes, "The natural advantages which one country has over another in producing particular commodities are sometimes so great, that it is acknowledged by all the world to be in vain to struggle with them. By means of glasses, hotbeds, and hot walls, very good grapes can be raised in Scotland, and very good wine too can be made of them at about thirty times the expense for which at least equally good can be bought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and Burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment, thirty times more of the capital and industry of the country, than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted, there must be an absurdity, though not altogether so glaring, yet exactly of the same kind, in turning towards any such employment, a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another be natural or acquired, it is in this respect of no consequence. As long as the one country has advantages, and the other wants them, it will always be more advantageous for the latter, rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exercises another trade; and yet they both find it more advantageous to buy of another than to make what does not belong to their particular trades."

If the people of any country are equally taxed amongst themselves, this is the same with respect to themselves as though they were not taxed at all. The producers of the goods, the use of which may be superseded by the introduction of the less

heavily taxed foreign goods, are not more heavily taxed than the producers of the goods that would be exported to pay for them. To prevent, then, the latter from obtaining a vent for their articles, when equally taxed with the others, is, in effect, to increase the burthen of their pressure upon them. If taxes are unfairly levied, the remedy is to equalize them; not to superadd to their pressure the further disadvantage of taking away the means by which they may be more easily paid.

It is more than probable that the parties for the encouragement of whose industry such restrictive regulations are enacted, do not derive any advantage from them; the competition of trade preventing their gaining more than the customary remuneration; the high price of the article charged to the consumer not being more than sufficient to compensate for the difficulty of production. In whatever way the relative cheapness of some foreign productions is occasioned, it should not be overlooked, that the prohibition debars the consumer from availing himself of their cheapness, and compels him to pay home producers a higher price than he would be required to pay to foreign producers. This is an evil, which, though it operates indirectly so as most commonly to pass unobserved, yet spreads its mischief over the whole community, extending to every consumer, and is repeated on every purchase; and though it may be felt only in a slight degree by any one consumer, it is, nevertheless, from its universality and constant recurrence, of much greater magnitude than is commonly imagined.

Bounties upon particular products have frequently been granted, either as a means of introducing the growth or manufacture of certain articles, or as a permanent means of encouraging industry and increasing wealth. As a temporary expedient for introducing and fostering certain trades in their infant state, such encouragement may perhaps be in some instances justified. Even this, however, is in many cases of doubtful benefit. There are advantages accruing from directing national industry to a few great branches of business, rather than to a great variety of different kinds, each of which must then be carried on in the small way. Industry never succeeds so well in overcoming the difficulties it has to encounter, as when some great manufacture is carried on, and the division of labour, the

economy of capital, and perfection of processes and machinery, are carried to their fullest extent. "Though for want of such encouragement the society should never acquire the manufacture intended to be introduced, it would not, upon that account, necessarily be the poorer in any one period of its duration. In every period of its duration, its whole capital and industry might still have been employed, though upon different objects, in the manner that was most advantageous at the time. In every period its revenue might have been the greatest which its capital could afford, and both capital and revenue might have been augmented with the greatest possible rapidity."

But bounties kept up as a permanent means of encouraging industry have been altogether thrown away. Industry needs no such encouragement; and, if a particular branch of industry did, it would not deserve it. Bounties act in the same way as duties on the importation of such foreign commodities as, from the relatively greater difficulty of production, could not stand against foreign competition. A duty on the foreign commodity, when it does not amount to a prohibition, allows the price of the home commodity to rise to the price of the foreign with the duty superadded. A bounty on a home commodity, when permanently established, reduces its price by the amount of the bounty below its actual cost. If increased profit to the producers were the intended object, money so expended cannot but fail of accomplishing its purpose. Let it be supposed that a bounty were granted upon the manufacture of any article; say of silk; or, what is equivalent to it, a duty imposed on the importation of the like articles, when, without such duty, it could not stand against foreign competition. If the silk manufacture had not originally been a losing business, the first effect would be to increase the profit of the manufacturer, and enable him to pocket the whole amount of the bounty. But such extraordinary profits would soon create an avidity amongst other persons to participate in them, and would eventually draw so many competitors into the trade, that the supply of silks would be so much increased, as to reduce their value to that point at which the price, even while aided by the bounty, would do no more than return to the manufacturers the customary rate of wages and profit on their

labour and capital. Silks would then be sold, without loss to the trade, below their prime cost. This reduction in price would unquestionably be an advantage to the consumers. But the amount of the bounty must be raised by taxes on the country at large; and the effect is to charge the nation with part of the expense of the silk manufacture, while the remaining part, instead of the whole, is borne by those individuals who use silks. The bounty is a free gift from the nation to those who wear silk; and thus we should see people, who really could not afford them, strutting about in silken dresses, not wholly at their own, but partly at the public cost. But the means possessed by the people of consuming other articles must be diminished by the amount which they are required to contribute in taxes towards the bounty, and thus no encouragement to industry on the whole can be created; but the silk manufacture, which costs more than it is worth, is encouraged at the expense of other branches of industry. We must not forget, however, that the very imposition and levying of taxes are attended with mischievous consequences to the people, beyond the simple payment of the money; that there are expenses of collection and management, as well as vexatious errors and abuses of administration. These are an absolute loss and waste of labour which might be profitably employed, but which now produces no one gratification to the contributors in return for the sacrifice. Thus, while industry on the whole is not encouraged, it is loaded with an unnecessary burthen; and though the whole labour of the community remains the same, its useful products are diminished, by a part being squandered on a worse than useless occupation. But another effect of the bounty consists in its causing industry to be improperly directed, and the expenditure of revenue to flow in channels which are disadvantageous because they are too costly. Silk is resorted to where it ought not to be used, and in quantities that are extravagant, considering its whole cost. Such are the uniform effects of bounties. In changing things from their natural state, they cause what is really a losing trade to be followed for the profit which is got thereby; and that expenditure which is really extravagant, to be practised as economy. This, too, is the necessary result of all forced en-

couragement or discouragement to particular branches of industry.

But still worse are the effects of bounties, when placed on goods which are exported. In the case supposed of a bounty on the manufacture of silks, so far as they are consumed at home, its effect is to lessen their expense to the wearers, and to benefit one class of the community at the expense of the public at large. But on goods exported, the benefit goes all to the *foreign* consumers, while the burthen remains as before on the public in general at home, without any countervailing advantage to a particular class of the community.

In the export trade of a country it is of importance that those goods be exported which possess in the foreign market the highest value in proportion to the quantity of labour, capital, and land required in their acquisition or production. It may be borne when one class of producers work at inadequate wages for their fellow-countrymen; but it is hardly tolerable when they do this for foreigners. A bounty on any article will cause the export of a larger quantity of that article than would otherwise be exported, as well as a smaller quantity of some other kind of article. But this last article would only have been sent because it was the most advantageous; and thus an advantage which would have been acquired fails of being reaped; while, on the other side, a loss is sustained by the exportation of goods to which the public has contributed a bounty.

Taxes on articles of consumption have effects on expenditure in great measure similar to bounties and other artificial interference in industry, by altering the natural state of things, by diverting expenditure, and consequently production, from the taxed articles, and directing them in a greater degree than they otherwise would be to the untaxed articles. By as much as expenditure and production are thus diverted from their natural channels, they flow in channels which of necessity are less advantageous. But as these will be noticed in another place, they will not be further considered here.

Monopolies and exclusive privileges have been frequently granted with the view of protecting and encouraging trade, and sometimes with the motive of affording a public revenue. The

present is not the place to inquire into the expediency of employing them for the latter purpose. The manner in which they operate on the exertions of industry, and their other effects, will at present claim our attention.

Monopolies and exclusive privileges, so long as they have any effect, shut out from those trades in favour of which they are granted, that competition which would otherwise be drawn to them, and which has a tendency to compel producers to submit to such prices as consumers can afford to pay, and to equalize to a certain extent the rate of wages and profits in the several occupations. They give legal meetings and a regular organization to the members of the trades, and thus enable them, by combination, to raise or maintain their charges above the natural level to which they would otherwise fall; and so enhance their emoluments. If monopolies and exclusive privileges did not do this, they would be absolute nullities, and objects of perfect indifference, both to the producer and consumer. But the eagerness with which they are sought for as a protection from competition, demonstrates that they are not objects of indifference, but have the effect of keeping up prices and profits in those branches of industry to which they are conceded.

When the members of any trade obtain better wages or profits, not by advancing their prices, but by introducing improvements which give a greater efficiency to industry and lower the cost of production, then their increased gains are acquired without injury to the consumer. But when a higher profit is obtained, not by reducing the cost of production, but by advancing prices, the consumer loses all the additional sum that the producer gains; and the quantity of useful commodities, instead of being augmented, is merely distributed in proportions different from those which prevailed before. This is the universal effect of monopolies and exclusive privileges.

But with what benefit can such a course be attended in a public point of view, and what interest can the community have in raising or keeping up to an artificial height the charges and emoluments of any trade, if its productions be for the supply of the home market; when it is evident that those charges must be paid by the rest of the community? If the goods were for a

foreign market the case would be different. All the advantage then would result to the producer at home, and all the disadvantage to the consumer abroad. But when the consumers as well as producers are equally members of the same community, and when as much as is the gain of the exorbitant charges on one side must be a loss on the other side which has to pay them, it is impossible that the public interest, which comprises the interest of both sides, can be advanced by such charges. People are ready enough to complain that wages and profits are too low, yet they seldom reflect that, if they were raised, they must be paid by persons whose wages or profits are perhaps as low or even lower than those of which they complain. It is absurd to complain of things the mischief (if it may be so called) of which would be aggravated by the application of a remedy.

It would, however, be far from fact to conclude that the whole amount of the loss sustained on one side, through exorbitant charges caused by restraints on competition, is, under ordinary circumstances, the amount of the gain pocketed on the other. It frequently happens, notwithstanding the loss on one side, that nothing is gained on the other. We have seen already that it is an indispensable requisite to the full occupation of industry, that it be exposed in the most unsheltered manner to the full action of competition, and that a want of business and of employment for the workmen is the inevitable result of a refusal to submit to such prices as the means and inclinations of purchasers afford. Now to restrain competition, and thus cause an artificial elevation of wages and profits in any branch of industry, is the direct way to produce a stagnation of business and insufficient occupation to the workmen in it, by inducing a greater number of persons to embark in that branch, in the expectation of great gains, than the public has the means to keep employed at their extravagant prices. By as much as industry is thus improperly directed to some particular branches, the produce of others must fall off: the excess in some is the cause of a deficiency in others. In such case, with the workmen but half employed, the whole amount of the extortion borne on one side is a public loss, without any equivalent on the other; a loss

which the community gratuitously suffers to be imposed upon its members.

An equalization to a certain degree in the rate of wages and profits in the different branches of industry, is of considerable importance as respects the general happiness. While it affords to each class a moderate reward for their own labour, it brings within their reach the productions of the labour of others, both in consequence of their own competency to purchase and of the moderate charges for such productions. This equalization must be the consequence of a distribution of labour in the different employments in proportions suited to the wants of the community; and its result must tend strongly to a steady demand for the products of the several employments equal to the supply; together with the greatest amount of products on the whole that industry, uninterrupted by want of employment, can yield. Now monopolies and exclusive privileges, which have a direct effect in raising prices, cause an inequality in the emoluments of different employments. By as much as a certain degree of equality is beneficial to the general interest, by so much is an unreasonable inequality prejudicial. While some things are rendered relatively too cheap, others are made too dear, and the products of labour are diminished by a diminution in the effective demand for them, in consequence of the dearness of some putting them beyond the reach of moderate means.

Such are the effects of monopolies and exclusive privileges when they affect articles of convenience and luxury. But their injurious consequences are still more aggravated when they touch the necessaries of life. All monopolies, privileges, and restraints, which increase the profits of the production of necessaries, and which, consequently, enhance their price, in the same proportion diminish the means of the labourer. These increased profits are consumed by that class which gains them; there is less left for the labourer, and being less able to procure by his labour a sufficient subsistence, the sufferings of poverty are aggravated, and he becomes more burthensome to the community.

Monopolies may be granted in favour, either of particular classes, or of particular places or districts. When any occupa

tion, or the supply of any article, is restricted by law to a particular locality, the course which industry would otherwise take (always aiming at its most lucrative employment) is altered, and allured or forced by the restriction into a track less advantageous than natural circumstances, if left free, would present. Its produce accordingly must of necessity be diminished in proportion to the unfavourable course into which it is forced. While, however, the supply of the article must be diminished, and its price raised, in consequence of its production taking place under circumstances which are not the most advantageous, yet the profits to the monopolists may not be greater than the profits gained in other businesses. For if they were higher than these, capital and labour from other districts would be brought into the favoured district, to share in these profits, until competition reduced them to the level of the profits gained elsewhere. Thus a large capital would be accumulated and a great quantity of labour employed in the favoured district, without however ultimately yielding more than the ordinary rate of profits and wages, while their produce would be inferior in quantity or quality to what they might be made to yield under other circumstances.

Different, however, is the result to the owners of land, or mines, in a district to which a monopoly is granted in the supply of an article, the raw material of which must be drawn from within itself. When the monopolized article is one of which the raw material may be brought from other districts, labourers and capital to an indefinite extent may be brought in to work it up. But there can be no increase made to the quantity of land within the district, and when the monopolized article is such a one as corn, the monopoly of the landlord is complete; and whilst the capital engaged in raising corn will not ultimately yield more than ordinary profits, the whole of the enhancement of price must accrue to the landlord. Yet this apparent advantage to him is not without its set-off. If three days in the week, without the monopoly, would be sufficient for the labourer to purchase the corn necessary for his subsistence, and, by this monopoly, lands of worse quality must be resorted to, or heightened cultivation forced, in which four days shall be

required for the purpose, then there will remain only two days in the week available for the production of his other necessaries. Though, therefore, an extension and heightening of cultivation might be the first effect of the monopoly, a corresponding diminution must take place in manufacturing industry. The powers of manufacturing industry must be kept down in proportion as a manufacturing population cannot be concentrated. In the common loss arising from this circumstance; and likewise from the diminished produce of industry directed into an unfavourable channel; from the check to the accumulation of capital, and the concentration of population, the landlord himself must partake. His interest is intimately connected with that of his country, and must advance with his country's growing wealth and prosperity. He cannot ultimately be benefited by thus injuring other classes. Hence, when monopolies extend to necessaries, the condensation of population and the growth of opulence are impeded, and the favoured district cannot acquire what the others are deprived of. On the contrary, the favoured districts will generally participate in the injury inflicted on the country at large, and will be rendered less opulent than if the trade in subsistence had been left open to competition.

Sumptuary laws have been long out of vogue; but a policy somewhat analogous has been advocated in more recent times. It has been argued that governments ought to discourage as much as possible the employment of what is called unproductive labour; that is, the labour of domestic servants and others, whose exertions serve for immediate use and enjoyment, and the results of which cannot be accumulated and afterwards exchanged for objects of material wealth. On the other hand, it has been thought right to encourage the employment of the opposite kind of labour, or productive labour; that is, such as admits of accumulation and becomes wealth. These views originate in a total misconception of the proper object and end of labour, and of the powers and duties of government as respects industry.

The services of a domestic, though their effects cannot be accumulated, but cease to exist in any tangible form the mo-

ment they are performed, are equally productive of enjoyment and of every other end of labour, with the labour of any other person the effects of which are visible and continue in a tangible form. As regards the domestic himself, his labour procures for him that which every other kind of labour procures—subsistence; and this in as ample degree as other kinds. As regards the individual to whom the services are rendered, such services, though they perish immediately after they are performed, while some other kinds of labour, instead of being consumed at once, may exist for years, and may afterwards be exchanged for other things that may be then wanted, yet they perhaps enable him to devote himself more exclusively to his own proper business, and to the amassing of wealth. But, if otherwise, they are not on that account the less beneficial, for should we be compelled to dispense with servants, our circumstances would be injured rather than improved thereby. The object of industry is not solely the amassing of riches; but to procure such things as afford enjoyment.

The interference of government in matters of business is indispensable as far as it is necessary to uphold the interests of justice, and to prevent and punish fraud or contrivance injurious to the public. It is strongly called for in cases where the preservation of health is concerned. Lastly, it is highly desirable when directed to the prevention of annoyance from the processes of industry, and to afford facilities for carrying on business. Amongst the chief of these facilities may be enumerated the coining of money and maintaining a convenient circulating medium, as nearly as possible of stationary value; requiring the use of standard weights and measures; affixing sterling marks upon gold and silver articles; stamps upon linen and woollen cloth, and other marks to certify the quality or kind of manufactured goods, that the purchaser may be able to ascertain, without laborious investigation, the quantities and qualities of the articles he buys, and be protected from deception and imposition in such transactions.

It would conduce to the public advantage if more strict regulations existed for the prevention of deceptions as regards the quality, fabric, or manufacture of articles. Ascertaining the

worth of goods, forms, in many instances, a considerable portion of the trouble and expense of purchasing; and when an uncertainty and difficulty exist in determining their precise quantity or quality, their value is proportionately deteriorated, through the trouble or risk which attends purchasing under such circumstances. It appears from the evidence taken before a committee of the House of Commons, that, notwithstanding the admitted naturally excellent quality of Irish flax, as contrasted with foreign or British, it sells in the market from 1*d.* to 2*d.* per pound less than other flax of equal or inferior quality. Part of this difference of price arises from negligence in its preparation, but a part also from the expense of ascertaining that each parcel is free from stones and rubbish to add to its weight.* In proportion as a certainty can be afforded that the quantity and quality of goods really answer the description given of them, in the same proportion will the trouble of ascertaining these matters be diminished, and the value of the goods approach nearer to its proper standard. A lessening of this trouble is of the same effect as any other saving in production.

A strong protection afforded by legislative regulations and penalties upon breaches of faith in representing articles to be of other and better quality than they really are, would benefit alike the honest producer and the consumer; at the same time that it would maintain the mercantile character of the nation in the estimation of foreign customers. M. Say relates that, about the year 1783, a fraud of this kind ruined the sale of the French cloths in the Levant market; since which the German and British have entirely supplanted them. In the clock and watch trade, the names of eminent makers, immediately after their decease, are affixed to clocks and watches which were never made by them. During their lives, too, forging their marks and names has been carried to a great extent both by natives and foreigners; and the effect upon our export trade has been most injurious. The recent loss of the supply of the Turkish market with English watches is said to have been occasioned by sending exceedingly bad ones. A Jew merchant gave an order in England for 1000 watches at sixteen shillings each, which were

* Economy of Machinery, by Mr. Babbage, p. 103.

sent out to Turkey, and proved so shamefully bad that since that time no English watch will be looked at in that country, and none but French or Swiss watches can find a sale there.

"The lace trade affords other examples; and, in inquiring into the complaints made to the House of Commons by the frame-work knitters, the committee observe, 'It is singular that the grievance most complained of a hundred and fifty years ago, should, in the present improved state of the trade, be the same grievance which is now most complained of: for it appears, by the evidence given before your committee, that *all the witnesses attribute the decay of the trade more to the making of fraudulent and bad articles, than to the war, or to any other cause.*' And it is shown by the evidence, that a kind of lace called '*single-press*' was manufactured, which was only looped once, and which, although good to the eye, became nearly spoiled in washing by the slipping of the threads; that not one person in a thousand could distinguish the difference between '*single-press*' and '*double-press lace;*' and that, even workmen and manufacturers were obliged to employ a magnifying glass for that purpose; and that, in another similar article, called '*warp lace*' such aid was essential. It was also stated by one witness, that, 'The trade had not yet ceased, excepting in those places where the fraud had been discovered; and from those places no orders are now sent for any sort of Nottingham lace, the credit being totally ruined.'" *

The construction and maintenance of roads, bridges, canals, harbours, and other means of communication by land and water, are important duties of government as respects industry. The same may be said of the establishment of a post, the supply of water, and the drainage of populous places, with the drainage and embankment in some cases of lands which lie below the level of the sea. Where the carrying on any art or manufacture is offensive, injurious to health, or dangerous to the public, it is right to require that it be carried on in a manner or in situations that shall be as little prejudicial to others as possible. Of this kind, are noisome and offensive trades, the manufacture of

* Mr. Babbage, p. 105.

gunpowder, turpentine, and the like; all which must be proper subjects of municipal regulation.

Again, a control over industry is necessary in everything relating to war and the public safety. The defence of the state being the peculiar province of government, everything, whether immediately or collaterally connected with it, comes completely within its control. The manufacture of arms, saltpetre, ammunition of all kinds, naval stores, and other materials of war, which might afford an advantage to an enemy that he ought not to be permitted to obtain, must be subjected to such supervision and regulation as circumstances from time to time may require.

But, excepting regulations of the character now alluded to, every authoritative interference in industry, so far from affording it protection and encouragement, does it a positive mischief, and renders its produce less in quantity, inferior in quality, dearer in price, and less adapted to the wants and wishes of the consumers. Labour, capital, and expenditure, left entirely free, have a tendency of themselves, as far as individuals are able to act on a knowledge of their interest, to follow that course which is most economical and advantageous to the parties, without any external interference whatever. And society is so constituted, that the advancement of the interests of these parties promotes also the public interest. But if the course now spoken of be changed in any measure, injury must be occasioned both to individuals and to the community. Adopting the language of Mr. Scrope, "It is not by legislation that industry is to be encouraged. Freedom is the element it loves. In that, its native climate, it expands its spreading branches, and matures its rich and abundant fruits. In the sickly and confined atmosphere of the legislative forcing frame, it loses its health and vigour, decays, and before long expires."*

Such instances of interference, besides being uncalled for, besides failing in their intended object, and inflicting a gratuitous mischief, are detrimental to the public interest in the following ways. 1. They add to the bulk and intricacy of the law. Consequent-

* Polit. Econ. p. 369.

ly to the difficulty and expense of acquiring a knowledge of the various provisions it contains which are to regulate our conduct, and to the number of persons who follow the profession. They occasion a waste of the people's labour and money in conforming to their provisions, and to the government in employing persons to watch over and compel their observance. 2. As they must be supported by forfeitures and penalties, and enforced by compulsory process, they harass and distress individuals, both by the beforehand necessity of compliance with them and dread of offending against their enactments, and by the after-pains and penalties, the consequences of unintentionally or unsuccessfully evading or offending. 3. They create into crimes, actions in themselves wholly innocent, and which are conducive rather than opposed to the public welfare. Of this kind is smuggling; as well as every other infraction of those laws that fetter the exertions of industry, whose mischief is mitigated in the precise degree in which their strictness is relaxed by evasion. In adding to the number of acts made penal by law, but which in themselves are innocent, such regulations not only increase the number of penalties and forfeitures, and the consequent suffering that these entail, but they lessen the respect and veneration which ought to be entertained for the law; and, in the minds of uninformed persons, render indistinct, and almost confound with each other, the conceptions of right and wrong, of vice and virtue. 4. They place industry in an unnatural and artificial state, which is liable to continual derangements and disorders, in proportion to the degree in which it is removed from its natural and healthy condition. Like multiplying unnecessarily the wheels of a machine, they are sure of adding to its *vis inertiæ* and friction, without increasing its power. In such a state, as industry is under the fostering care of the state, if at any time it languish or decay, the government is blamed, and violent legislative remedies are called for to save it from ruin; when, in all probability, its depressed state has arisen from causes unconnected with any measures of state, perhaps both beyond the control of government to prevent and above its power to remedy; and when any interference on its part would most likely aggravate rather than alleviate the dis-

tress. But since governments will burthen themselves with a care which equally surpasses their wisdom and their power, and has no connexion with their proper and legitimate office, the odium they thus at times procure is only the just retribution that their own folly and presumption bring upon them. Lastly, these laws curtail the natural liberty that belongs to every innocent man, which ought not to be unnecessarily trenched upon, since it is not less essential to the perfection of the human character than conducive to the growth of opulence. Is civil liberty an object worthy the utmost exertion and sacrifice of a rational being? So also is only next inferior, a freedom from those restraints which the ignorant cupidity of different classes has imposed upon the industry of one another; a state, not indeed called slavery, but which is a thraldom scarcely less cruel and unjust, and whose fetters are little less galling and pernicious.

On the subject of free trade, Dr. Chalmers observes, "There are certain attendant moral benefits, if we may so term them, which render the adoption of the system one of the best and wisest achievements of an enlightened national policy. In the first place, it cancels a thousand heart-burnings at home. The admission of one class to a particular trade, with the exclusion of all others, is felt by the community at large to be an injustice and a wrong; and it is well when this, and every other rankling topic of disaffection, are, as much as possible, done away. Government incurs a prodigious waste of popularity, whenever its policy stands associated, in the public imagination, with the failures and fluctuations of trade. And were it for nothing else than to free itself from the burthen of this unnecessary odium, it were far better that it stood palpably dissevered from the affairs of commerce altogether; or at least that it never interfered with them, save for the purposes of a revenue, and for the maintenance of the interests of justice. But the system is not more favourable to domestic than to foreign tranquillity. The government which upholds it, not only stands forth in a fair and conciliatory aspect to its own subjects, but also to other nations. The abolition of the restrictive system in commerce, is, in fact, the abolition of the sorest exasperations and jealousies which

have taken place among the states of the civilized world. There is, therefore, a very high philanthropic interest involved in the maintenance of the opposite system. It is on the side both of internal and external peace. It would quiet many a discontent within our own territory, and dry up the teeming fountain of most of our modern wars."*

If arguments for the freedom of industry were wanting on the ground of expediency as affecting the pecuniary circumstances of the people, and their failing to promote industry and wealth, such arguments might perhaps be found on the ground of natural right and justice. Questions of this kind, however, belong more properly to jurisprudence than to political economy. But their close connexion with industry may justify a brief allusion to them here.

On this subject, then, it ought to be borne in mind that government is in its nature a compulsory institution; the people submit to its dictation, not from inclination, but necessity: they have no choice but to obey. Hence, the measures which it would carry into effect ought, as much as possible, to be such as, not only the majority of a community may with propriety call upon the minority to obey, but such as it might with justice use force in enforcing without their consent, and whether the obedience of the people were voluntary or not. Actions in their own nature criminal do not call for any consent of the criminal, or his representative, to the law and penalty by which he is punished for their commission; but might justly be enforced by the supreme power in a state, whether that power were usurped or legitimate. But actions in themselves indifferent cannot, according to natural law, be restrained and punished without at least the consent of the majority; and, while the minority are compelled to subjection, this subjection ought to be as little prejudicial to their interests as possible. Now the whole system of exclusive and artificial restraint on industry and commerce, if it were beneficial to a country on the whole, is decidedly injurious to all the parties which it restrains. It cannot rest its right upon the ground of their consent, since those who are injured by it would never give their consent;

* Polit. Econ. in Connexion, &c. p. 520.

and the majority of a community can have no justifiable right to make a sacrifice of the interests of the minority, for advancing their own welfare and enriching themselves at the expense and through the impoverishment of the minority. If it were otherwise, the stronger party, as they would have the right, the power, and probably the inclination, would not be long before they seized on the whole property of the weaker, and divided it amongst themselves. In point of fact, however, it is always the majority which is thus restrained, and the minority that in whose favour the restraint is imposed.

On a review of the different kinds of regulation by which the freedom of industry is curtailed, it will be found that all of them are injurious to those whose freedom is thus diminished.

Laws of apprenticeship and the monopolies of corporate trades restrain from exercising particular trades such persons as have not served an apprenticeship to them, or are not made free of the trade. This must be injurious to men who are competent and desirous of exercising those trades, but are prevented from doing so by not having the prescribed qualification. The labour of the poor man is his patrimony, equally valuable and more necessary to him than the possessions of the rich man are to him. To invade this patrimony, and deprive the poor man of the full measure of advantage it is capable of affording him, is an equal or greater defiance of moral right than an invasion of the possessions of the rich. Have then the majority a right to deprive the poor man of a portion of his just liberty, which is his property? If it has, then have the majority of the poor a right to strip the rich man of his wealth, and divide it amongst themselves? The majority, too, is decidedly on the side of the poor, while the minority is on the side of those who deprive him of his freedom. Yet the better sort of mechanics, the minority in number, appropriate to themselves all the more lucrative occupations, and exclude their less fortunate neighbours, whose parents happened to be too poor to be able to procure for them the necessary qualifications; and this without any reason or plea of justice whatever.

Laws enacted for the encouragement of domestic industry, by excluding the competition of foreign produce or manufactures

from the home market, and establishing for the home producers a monopoly of the supply of that market, if they had the effect of benefiting them at all, would evidently be at the expense of the consumer, who, although he may not be aware of the fact, is compelled by the operation of these laws to pay a higher price for the articles he purchases than he need do, and than he would do if a free competition were allowed. He is, in consequence, a loser of the additional price he is thus obliged to pay. It is impossible that every class of producers can be made to profit by the exclusive system, supposing it even to be universally adopted, which it never is in practice. Here, again, the attempt is to benefit the few at the expense of the many, and the injustice is, if possible, more glaring than in those cases where the many are benefited at the expense of the few. In the same way, in every other regulation of trade, whether by duties, bounties, protections, prohibitions, guilds, or monopolies, the same injustice prevails. No privilege less than universal (which is no privilege at all) can be conferred on any individual or number of individuals, except at the expense of the rest of the community. Thus the injustice of these regulations and restraints on industry is sufficient to render them unfit for adoption, even if they could not be shown to be injurious in a pecuniary point of view. In all of them, the majority in numbers are made the sacrifice; but even if it were the minority, it may reasonably be asked, are the majority to set common honesty at defiance, and make a sacrifice of the interests of the minority, not on the altar of public utility, but to promote their own selfish purposes?

Besides the restraints to which industry has been subjected from officious state regulations, acting with a view, though mistaken in the means, of promoting the public opulence, its freedom has been curtailed, and mischief has befallen it from its own members; from popular prejudice and violence; from combinations actuated by interested motives, both amongst workmen and amongst masters. How many have been the improvements in industry against the introduction of which the workmen have rebelled, and prevented or retarded from being adopted! And how cruel have been the persecutions, and sore the losses,

which from the same sources have been inflicted on the meritorious men by whom they have been discovered or invented! Of these, history affords too numerous and too sad recitals. The interests of industry call as much for security and exemption from violence and restraint acting in defiance of law as when acting in accordance with it.

In conclusion, it may be asked, What then should be the object of government as regards industry? To this the answer is plain. To let it alone; and rather to free it from the shackles with which an ignorant policy has trammelled its exertions, than to hamper it still further, or attempt to regulate its action. Is it to remove every obstruction, and open the widest and most uninterrupted field of exertion, consistent with the security and good of the community; allowing equal freedom to all; by repressing fraud and violence, and securing to every one the possession and full enjoyment of liberty and property. Such are the great and happy features of modern national economy, as distinguishing it from that of earlier times.

CHAPTER X.

ON THE DIFFERENT KINDS OF INDUSTRY, AND THE MODE OF THEIR OPERATION.

THE endless variety of human wants and wishes requires an almost equally endless number of different kinds of labour for their supply and gratification. In an advanced state of society these different kinds of labour become established into distinct and separate employments. Each contributes its part to our supply, and is essential to the completeness and perfection of the whole. Whether or not every one of them conduces to public wealth, or to what extent it so conduces, is not now the question. Its being essential to the complete satisfaction of our wants, or its affording objects of desire, not prejudicial to health or morals, for the attainment of which men are ready to make

equal or greater sacrifices than for other objects, is sufficient to include it, either immediately or collaterally, within our subject, and to warrant the inquiry, how such objects may be procured by the community in the most ample measure, and with the least sacrifice; in order to promote the general happiness,—the only rational object.

Though, however, the different kinds of industry devoted to the acquisition of the necessaries and conveniences of life, and which the division of labour establishes into separate employments, are exceedingly numerous and varied, they may all, for the purposes of our inquiries, be conveniently classed under four general heads.

1. Appropriative industry; or that which is applied to the mere collecting or appropriating those original and mostly rude productions which nature spontaneously furnishes, without any human intervention. 2. Agricultural industry; or that which is applied to direct the productive operations of the soil, so as to increase the quantity and improve the quality of the useful vegetable and animal productions, which nature only yields in abundance and excellence of quality, when its creative agency is managed by man. 3. Manufacturing industry; or that which is applied to the working up the original, and more or less rude, productions, acquired through the two former kinds of industry, into forms suited for use; to manipulate them, through all their stages of progress, from the earliest and rudest to the last and most highly finished state, for the formation of objects adapted to our wants and wishes. 4. and last. Distributive or commercial industry; or that which is applied to the collection, interchange, and conveyance of commodities, in all their separate stages, amongst the producers and manufacturers, in their progress towards completion, and eventually in the supply in their finished state to the consumers. Under these four general heads, will be noticed all that it seems proper further to observe on the peculiar manner in which the different kinds of industry respectively contribute to the supply and gratification of human wants and wishes.

If the inquiry be made, which of the different employments is the most advantageous to society, we answer, that this cannot

be always the same, but must be different at different times, according to the difference of existing circumstances, and subject to constant fluctuation with every change in those circumstances. At one time, one branch of industry may be most advantageous, and at another time, another branch. An individual may at one time be more in want of food than of clothing, or any other article of necessity or convenience, and, in such case, the industry which supplies him with food must be the most advantageous to him: at another time, amply supplied with food, he may require clothing more than anything else; and, in this case, the industry by which clothing is acquired must be the most beneficial to him. So it is with a nation. And the kind of industry which offers the greatest national advantage, is usually indicated by its procuring to the individuals engaged in it the highest reward. If industry be free, such highest paid kind must at all times, and under every circumstance, be the best for the society. By this highest reward to the individual, however, must be understood, not the highest wages or profits that can be acquired for short intervals of employment with long intervals passed without employment, or on sales of but small quantities of goods when large quantities cannot be sold at the same rate of profit; but it is that which yields high wages and profits with full employment and a brisk trade. This highest rewarded branch of industry is the most advantageous to the society in two ways. The welfare of the society being made up of the welfare of its separate members, this branch, as most beneficial to the particular individuals engaged in it, must be most beneficial to the society to which they belong. The interest of the society consists, not only in continuing to employ these individuals in this branch of industry, but most probably in its employing a much larger number. The effect of employing a greater number of persons in this branch will be, first of all, to multiply the products of their industry, which in fact exist in too great scarcity to be consistent with the interest of the consumers; and, secondly, to make them cheaper, and bring their price down to the common level of other things. When high wages and profits in particular trades are acquired, they are acquired somewhat to the injury of the rest

of the community; for it is the public interest that no class should be paid higher than another; that no workman should be obliged to pay for the labour of others a higher reward than he gains for his own. But the only means of reducing to the common level the rate of reward in the over-remunerated classes, is by increasing the competition, through inducing more workmen to engage in them, until the scanty supply of their products may be made equally abundant and cheap with the products of other kinds of labour. On the other hand, that occupation must always be the least advantageous to society, which affords the lowest remuneration to the persons engaged in it. It is the least advantageous for the two opposite reasons: first, the weakness, poverty, and misery of the workmen engaged in it, contribute to the weakness of the state; through their inability to contribute to the public expenses, and through their being frequently a burthen on the other members. Secondly, these workmen are generally without full employment, through the overburthened state of the market for their produce; and their remaining without employment, diminishes the whole produce of the national industry below what it would be, if better directed, and, consequently, more fully employed.

CHAPTER XI.

APPROPRIATIVE INDUSTRY.

The appropriation of the spontaneous productions of nature must have been the first species of industry exercised by man; and is still, though not the greatest in magnitude, yet the first in the order for the supply of our wants; as well as the foundation of all the others. Nothing can be prepared for consumption, or applied in any way to minister to our wants, until it is drawn from the original storehouse of nature. Manufactures, agriculture, and commerce, never could have existed, if we had

not previously appropriated the materials and implements by which they are respectively carried on.

The appropriation of the spontaneous gifts of nature, constitutes the principal species of industry exercised in the rude and early period of society which is denominated the hunting or savage state. This kind of industry, however, continues to be carried on through all the subsequent stages of improvement; though in advanced periods it furnishes a comparatively trifling proportion of our supply. In these periods, the chase, instead of being, as in the savage state, a principal source of subsistence, is almost entirely followed for amusement; and the application of labour and capital to the appropriation of nature's spontaneous gifts principally consists in fishing and mining. These are, no doubt, of considerable importance. The former enlarges the means of subsistence; and the latter, in supplying us, amongst other things, with the metals, and particularly with iron, furnishes the most powerful instruments for future production.

Appropriative industry, as it is that species which is the principal occupation in the early and rude periods of society, is also the natural employment of poor nations. Requiring a smaller quantity of capital than any other to furnish its workmen with the means of following their occupation, it is that kind of industry which is most of all advantageous for those nations which have little capital; while it is least so for rich nations that over-abound in wealth, and for whose capital there can scarcely be found sufficient profitable employment. Yet we find, amongst the richest nations, that fishing has been one of those occupations which a mistaken policy has regarded as most important, and which accordingly has been most cherished by every species of encouragement that could be devised; such as privileges, protections, and bounties; and about which the most bitter rivalry and animosities amongst maritime nations have arisen.

The quantity of the spontaneous gifts of nature which in any community can be rendered serviceable to man, will be determined by the same circumstances as affect the productiveness of every other kind of industry; namely, the fertility of the land, mines, and fisheries, the quantity of labour employed, the de-

gree in which this labour is aided by capital, and the skill with which it is directed. Of these circumstances, the original fertility of the land, or abundance of spontaneous gifts, may frequently be found the least important. It is one, likewise, over which human labour has no influence, and therefore is not the subject of economy, foresight, or contrivance. Of the others, as they have been already noticed in regard to industry generally, we need not repeat our remarks upon them in this place.

CHAPTER XII.

AGRICULTURAL INDUSTRY.

UNDER this division of our subject should be comprehended all those labours which have for their object the augmenting or improving the useful products of the soil. It will include pasturage as well as tillage; embracing the operations which multiply the useful products of the animal, no less than of the vegetable, kingdom.

The agricultural arts are the offspring of human intellect, and peculiar to man. No occupation calls into exercise so great and so varied a portion of practical knowledge. The husbandman studies the soil, notes the seasons, selects the seed, interchanges the crops, adapts the composts; in a word, by means the most studied, and efforts the most varied, he succeeds in meliorating and multiplying the fruits of the earth, as well as the animals destined for his use, far beyond the first promises of nature, even in the most fertile soils and most favoured climates, subduing to his purposes the very impediments which she seems to interpose in his career.

The fruits of the earth adapted to the use of man cannot be procured in sufficient abundance for his wants without the appropriation of land, either to individuals or to communities. The land must be enclosed with fences to prevent the ravages of wild animals, it must be broken up and planted with fitting

vegetables, and the growing crops protected. Now no one would take the trouble to enclose and cultivate a piece of ground, unless he were secured in the right of gathering and appropriating its fruits when ripe to his own exclusive use. The same may be said of the land employed for breeding, rearing, and fattening domestic animals. In order, therefore, to the production of artificial crops for the food of man and animals, it is necessary to secure to individuals a property in land. This necessity has been perceived and acted upon, with various modifications, and with more or less completeness, in the exclusive possession allowed in all countries and ages advanced beyond the hunting state. The stronger and more perfect the right permitted to an individual, the greater must be the inducement to him to improve the land he owns, and consequently the greater and more valuable will be the produce. It is perhaps not sufficiently the subject of general observation, that the population and the condition of a people in civilization and opulence is wholly dependent on the laws and customs that prevail amongst them respecting the occupation and ownership of land, whether production shall be restrained within the narrowest limits, or allowed to grow to the full extent of the other circumstances by which it is favoured.

Upon the vast importance of agriculture in procuring the supply of our wants it is unnecessary to enlarge. Indeed, when we compare the quantity of produce which is raised on a given surface in England, with that which is procured from the same extent of surface in those naturally fertile districts of America which continue to be inhabited by nations of hunters, the effective powers of agricultural industry appear almost miraculous; and our surprise somewhat abates that, in the infancy of economical science, the striking phenomena which it exhibits should have arrested inquiry, and induced the conclusion, that the only productive labour is that which is employed upon the soil.

In agriculture, nature co-operates with industry towards the formation of the product, in a more striking manner than in any other branch of industry. Its co-operation is gratuitous to man, and the results of agricultural labour seem, accordingly, to be of larger and more ample quantity than ordinary, whilst their

indispensable necessity as food seems to confer on them superior value and importance.

Hence, it has been thought that capital employed in agriculture, though it produce no greater profit than when employed in any other way, is, nevertheless, more productive of the public advantage than the other employments of industry. It has been said to be more especially advantageous to a nation from the circumstance, that, not only do the individuals engaged in it procure a remuneration for their labour and capital in common with persons engaged in other occupations, but that, in addition to this, it yields a rent to the owner of the soil; and this as a return for the productive agency of nature, which co-operates with industry in the production of the fruits of the earth. It is true the landlord procures a revenue as well as the farmer and labourer. But it would be erroneous to suppose that the rent acquired by the landlord is a public advantage; that his riches, or revenues, are an addition to the riches or revenue of the state. In another place it is shown, that rent accrues through the *scarcity* of fertile land; and is, consequently, a disadvantage rather than an advantage to the nation; that whatever rent is paid to the landlord is paid out of the revenue of the rest of the community; that as much as his circumstances are improved by high rents, so much are the circumstances of the people at large, who have to pay them, made worse.

In one respect, agriculture holds a pre-eminence over most of the other arts, in that it is concerned in the production of food, and therefore of the primary necessaries of subsistence, while the other arts are directed for the most part to the production of superfluities. So long as famine and want shall continue the scourges of mankind, every friend of humanity must desire to stimulate the production of corn in preference to the manufacture of silks and muslins, or of toys and trinkets. But it should not be forgotten that the miseries of hunger and want are averted more by such measures as conduce to production in general, and the advancement of public opulence, than by any unnatural direction of industry which should diminish its general fruitfulness.

While, then, we admit the paramount importance of agriculture, as regards the supply of our wants, and that in the order in which that supply is raised and furnished to us, it takes precedence of manufactures and commerce, we cannot admit that the public interest could be promoted by any greater direction of capital to agriculture than would take place of itself naturally, and without any external interference. If an excited or forced application of industry to agriculture take place, the profits of the cultivators and the wages of the labourers must fall, through the more active competition amongst them, and through a superabundant supply of the market, below what is gained in other occupations. Now, though food would, in this way, be sold at a lower price, and the consumer in one respect be benefited thereby, yet in another respect he would be injured; because he must remain in want of the other products, of which he is more in need, which the same industry would have furnished had it not been directed in excess to agriculture. An unequal rate of wages and profits, and too low a remuneration in this branch, the same as in any other, is, on the whole, as was before noticed, not beneficial, but adverse to the general good. Highly necessary as agriculture is to our supply, it is not more so than some other employments. The industry of the miller who grinds the corn, and of the baker who makes it into bread, are scarcely less essential than that of the farmer who raises the corn itself. Were the miller and baker to give up their businesses, and become cultivators, of what possible benefit could it be to the nation to have an additional quantity of corn, and more farmers than are sufficient, when, from not having millers and bakers enough to grind and bake it, we are deficient in our supply of bread? Clothing and lodging are but little less necessary to the comfort of man, and even to his existence, than food. Though the husbandman should produce the flax, the wool, and the timber, yet, without the labour of the spinner, the weaver, and the builder, these articles would be useless to us, and we must remain destitute of clothing and lodging. The productiveness of agricultural industry itself depends mainly on the assistance it derives from the other branches of industry, and the demand which they afford for its produce. The kinds

of industry which furnish the materials and fabricate the implements of husbandry are not less efficacious than the industry of the husbandman himself. Without the aid of these, it is impossible that agricultural industry can be exerted with effect. Neither can the farmer devote himself entirely to cultivation, unless his clothing and lodging be supplied by the labours of other classes. If he himself must work up the raw materials, a part of his time must be withdrawn from the cultivation of his farm to be devoted to manufactures. In fact, all the different arts, and even the sciences, are so indissolubly connected that they cannot be separated. While each co-operates to fulfil its particular object, all must combine in order to furnish a supply of our several wants, and to constitute that direction of industry which is most productive of the public advantage. To say that one kind of industry is more advantageous than another, is merely saying that our supply of the particular products it furnishes is more scanty than of others. That kind is the most beneficial, of which we have most need. This is not always agricultural. At one time it is agricultural; at another manufacturing; at another commercial. But the actual wants of the people at all times indicate what particular employments are at the time most conducive to the general good, by their emoluments being higher than those of other employments. And individual interest constantly tends to direct industry into these most advantageous employments. When, then, industry is left without restraint, and without factitious excitements, it cannot but flow, so far as the knowledge and abilities of the parties enable it, into those channels which most advance the public welfare; and this, without any regulation or external interference whatever.

Intimately connected with each other as are the different branches of industry, it is impossible that an undue preference and factitious advantages, can be given to one, but at the expense of the rest, and without working injustice and mischief to others; and thus an unnatural extension and heightening of tillage, would but deteriorate our circumstances rather than improve them. "Land and trade," to borrow the expressions of Sir Josiah Child, "are twins, and have always, and ever will, wax

and wane together. It cannot be ill with trade but land will fall, nor ill with land but trade will feel it."

So far is it from fact, that agriculture is the employment by which the public welfare is most advanced, and to which, consequently, an excited and factitious direction of industry ought to be given, that under present circumstances reasons exist for coming to the opposite conclusion, and for inducing the opposite course. In modern times, the cultivation of the soil is that occupation in which both the labourers and farmers have been, if not the worst, yet nearly the worst, paid. This is the case, not only in our own country, but all over Europe. What the causes may be of this poor remuneration of the husbandman, it is not necessary here to discuss: the fact is incontrovertible. Now the public interest is most promoted, by an especial direction of industry to those employments which return the highest rewards to the labour and capital embarked in them. And, hence, as long as a low remuneration of agricultural industry exists, it must be unwise to present any extraneous inducements to cultivation. If it could ever be permitted to give a factitious direction to industry, it would be allowable in this case to draw from agriculture, and direct it into occupations in which a higher reward is procured.

Equally hurtful with a factitious direction of industry to agriculture in general, is a factitious direction to any particular branch of it. In some countries, laws have been enacted against converting corn lands into pasturage: in other countries, regulations have existed against breaking up pasture lands for tillage. But both these opposite enactments, so far as they have been acted on, must have proved equally detrimental to the interest of the public and of individuals. No man would either convert corn land into pasture, or the reverse, unless he expected thereby to get a more valuable produce. Neither does it seem clear how any person could desire that the cultivator, and through him the community, should not either turn the land to that sort of culture to which it is best adapted, or should not acquire from it that kind of produce which possesses the highest value, and is consequently most adapted to satisfy the wants of the consumers.

The produce of agricultural industry depends very much on the quantity of labour and capital that has been expended upon the land in previous years, in improvements, and bringing it into a state of cultivation. It is plain, that, without the labour which has at some time or other been bestowed in clearing the land from the forests and useless or noxious plants that once encumbered it, or perhaps in draining some parts of it from the waters which once made it a morass; as well as in enclosing, ameliorating, manuring, constructing suitable farm-buildings, and roads; the produce that could be drawn from it would be very small. Indeed these preliminaries to cultivation must first be carried to a certain extent, before the proper cultivation of the soil can commence; while its produce is augmented in proportion as such improvements have been made.

In the progress of population, and the necessity for larger quantities of food, horticulture becomes added to agriculture, to which indeed it may perhaps be found at last to be but the precursor; and thus enlarged employment is obtained for the people, with an increased supply of the means of their subsistence.

There is a distinction between agricultural and the other kinds of industry, which is worthy of notice; in that, unlike them, the outlay of greater quantities of labour and capital in cultivation, does not yield, under the application of the same degree of skill, a return proportionate to the outlay, but in a proportion continually lessening as that outlay is increased: the return is larger on a larger outlay, but the *proportion* to the outlay is smaller.

In manufactures, the employment of more labour in working up rude produce to a state fit for use and consumption, always yields a quantity of finished goods at least equal to the additional number of workmen employed. It usually does even more than this. The employment of more workmen commonly leads to a greater subdivision of labour amongst them, which, through the numerous advantages it confers, enables them to work up goods in a greater proportion than the additional number of men employed.

In agriculture, the reverse of this is the case. The powers

of the soil are limited, as well as the extent of the land fit for cultivation. From the nature of agriculture, in the application of more labour, its subdivision cannot be carried to the extent to which it may be pushed in manufactures; and but small advantages can accrue from this cause, to compensate for the falling off in the productive properties of the soil. At first, the best soils only are cultivated; afterwards, such as are of inferior quality; and, as an increased population gives the power of extending cultivation, as well as calls for a larger quantity of produce to subsist it, soils of still worse quality must be brought under tillage.

It is self-evident, that, as cultivation is extended over inferior land, the application of any given quantity of labour and capital must yield a smaller quantity of produce; and that, in such ungrateful soils, there is a limit beyond which cultivation cannot be carried, except through greater powers of labour; since the produce raised would be inadequate to the maintenance of the cultivator, and to afford seed and the renewal of capital for continuing cultivation.

That which takes place with respect to the cultivation of inferior land, takes place also in applying additional labour and capital to superior soils. The very fact that, in the progress of an increasing want of agricultural produce, lands are taken into cultivation which yield a proportionally less return on the labour and capital expended, demonstrates that land of superior quality would have yielded a diminishing proportional return on any additional expenditure which should be applied to heighten its cultivation. For if it were otherwise, inferior soils would never be taken in. Capital, ever seeking its most beneficial occupation, and thereby constantly tending to a certain level, so distributes itself upon the soil, that the last increased portion of it employed upon the best lands, yields an equal rate of return with the first portions of it employed on the worst lands newly brought under tillage. When the inferior lands can no longer be taken in, those of better quality can no longer be improved.

Hence, in the progress of population, while the products of manufacturing and commercial industry, through the greater subdivision of labour, and successive improvements, are pro-

duced at a less and less cost, and consequently experiencing a continual fall in price; the products of agriculture, on the contrary, unless improvements take place in the implements and methods of husbandry, must in this progress be procured with a constantly increasing expense; and therefore undergoing a gradual rise in value. The frequent improvements of these kinds which have hitherto taken place have counteracted, in a great measure, the tendency to an increase in the cost of agricultural produce. This has especially been the case with the great improvements that have been made in husbandry within the last half-century. In 1801, nearly one-half of the entire population of England was engaged in agriculture. In 1830, the proportion had fallen to about one-third. But we must still rely on further improvements of the like kind for the means of supporting an enlarging population with the same degree of ease. Without them, the limited powers of the soil, and the inferior qualities which must necessarily be from time to time had recourse to, would continually increase the difficulty of procuring food, and raise its price.

The condition of mankind being at all times dependent on the productiveness of their industry, and a large portion of their industry being applied to the raising of agricultural produce, it follows that this condition is greatly dependent on the fertility of the soil from which its subsistence must be acquired. Had the land been so sterile as to yield no more than the food and necessaries of the cultivators, every man must have been doomed to a life of unremitting toil for his bodily support, and no time could have been afforded either for idleness, or for other employments than those of husbandry, and such coarser manufactures as provide the necessaries of existence. We should have had but an agrarian population, consisting of husbandmen and a few rustic artificers, thinly scattered over the land; and the species would have risen but a few degrees, whether physical or moral, above the condition of mere savages. It is because of the fertility of the ground, or the power which industry possesses to raise from it a surplus over and above the food and necessaries of the cultivators, that we obtain leisure to devote to the cultivation of literature, the sciences and arts, and to the production of articles

of comfort and elegance. Works of taste, and the productions of all the arts which distinguish and adorn civilized life, acquire a sale and derive their costliness from the abundance of the products of agriculture. Without this, neither could time be devoted to their production, nor if produced, could a market be found for them amongst so poor a people at a price adequate to their cost; and consequently their value would fall almost to nothing. "To this surplus we stand indebted for our crowded cities, our thousand manufactories for the supply of comforts and refinements to society, our wide and diversified commerce, our armies of protection, our schools and colleges of education, our halls of legislation and justice, even our altars of piety and temple services."*

The quantity and natural fertility of the land of any country, and the abundance and variety of productions of the mines, fisheries, and other sources whence food and the materials of the arts are procured, which have so powerful an influence on the condition of its population, are, however, circumstances that are usually beyond the power of human agency to augment. But though the land of a country cannot be increased, yet the quantity of the produce of land, which through the intervention of commerce may be brought within the command of the people of that country, does admit of increase and diminution. And, as regards the circumstances of the people, it is matter of small moment whether the land from which that produce is raised be comprised within its territorial boundaries, or lie beyond them.

On this subject we may notice the injurious effects on the supply of our wants, which arise from prohibitions or duties on the importation of corn, and raw produce or materials of any kind, from foreign countries. These are equivalent to abstracting from the extent of our country the number of acres that would be required to raise the produce thus kept out; they chain down the people to a life of unnecessary toil, and check the progress of manufacture, art, science, and everything which adds to the enjoyment of life.

The most desirable size of farms has formed a subject of

* Dr. Chalmers, Polit. Econ. p. 45.

much discussion. By some persons it has been urged that great evils have arisen from the consolidation of the small farms into large ones; while, by others, it has been maintained that advantages accrue therefrom.

On one side, the consolidation of farms has been said to have deprived the industrious and respectable class of small capitalists of the means of obtaining a livelihood by the cultivation of the soil; to have reduced them to the condition of labourers; and by allowing no room for any but the great capitalists and the labourer, to have dissolved the connecting link which joined the labourer with his employer, and which established a mutual sympathy and community of interest between the farmer and the peasant.

On the other side it must be admitted, that large farms present advantages in some respects over small ones. They must be occupied by persons possessing a large capital. Such persons are usually men of superior education and attainments; they possess facilities for acquiring that information which leads to agricultural improvements. The opulent farmer is enabled to conduct his business to more advantage, through the employment of superior instruments and an ample capital, as well as through those economical arrangements which an extensive farm admits of; besides that a large farm requires relatively less labour than a small one in superintendence and management.

But if it were shown that farms of any particular number of acres present superior advantages over any other, it should be recollected that the persons capable and desirous of cultivating the soil have very different amounts of capital at their disposal; and to distribute the whole country into farms of any one uniform size, would drive from the land all those individuals whose capitals should be either too large or too small for farms of the established extent. If the size were large, there are but few persons capable of occupying such farms, and the whole country could not be so cultivated. A variety and gradation in the sizes of farms, corresponding with the means of the occupiers of land, seems most conducive to the convenience of individuals and to the general interest.

But if any given arrangement or gradation in the size of

farms were conceived to be most conducive to the public interest, it seems impossible that that interest could be promoted by such arrangement, unless the private interest of individuals should also be promoted thereby. If private interests can be advanced in this way, the arrangement will eventually become established of itself, without external interference; but if not, the arrangement can only be brought about either through motives of patriotism in individuals, or the forcible interference of law. With regard to the management of private concerns, so as to be in accordance with extended views of public good, the patriotic landlord need make no further inquiry than, how best to promote the interests of himself and of his tenants. Any arrangement by which these interests are advanced must, so far as they form part of the public interest, advance the public interest likewise. Any arrangement by which these interests may be compromised would seem a very unsatisfactory method of promoting the public welfare: the loss on one side would be apparent; the advantage on the other would be more than problematical. There are evident advantages in allowing private interests to follow their natural course; there are evident mischiefs in opposing them; and whoever would prove that their following the natural course is inconsistent with the public good, must show that the sum of the private advantage is more than counterbalanced by the sum of the mischief thereby occasioned to the public. Even if the question were decided adverse to private interests, the doubtful conclusion which an estimate of these opposing advantages and mischiefs might afford, would be insufficient to warrant so violent an interference in private affairs as to regulate by law between landlord and tenant in what manner the soil shall be cultivated. No such interference takes place in business of other kinds, which may be carried on to the largest or smallest extent that the means of the party admit of; and there is nothing in the nature of agriculture so different from other concerns, as to call for legislative regulation in its management on principles different from those which obtain in other employments.

Examples are common of the successful cultivation of land of very inferior quality by cottagers occupying small portions,

which could not be tilled without loss in the ordinary way of farming. Amongst a multitude of instances of this kind, one may be mentioned which is given in a letter addressed to the Marquis of Salisbury by the Rev. Dr. Demainbray, and published in the year 1831. A farm of eighty acres at Broad Somerford in Wiltshire, was let to a tenant at a rent of £60, but which, from the poverty of the land, he was unable to continue to occupy unless a reduction had been made of one-half the rent. It had originally formed part of a common, and although it had been full twenty years enclosed and under the plough, yet it had never in any one year borne a good crop. On the tenant giving it up, the land was divided into small allotments of from one to two acres each, and let to the poor; through whose industry and attention it was covered with a luxuriant crop, in the very first year of their occupation, which enabled them to pay with punctuality a rent on the whole of £80.

To resolve the question as to the propriety or impropriety of the occupation of land in this way, does not seem to call for any further inquiry than as to the magnitude of the crop which the occupants of small portions would raise from it, and their ability to pay the rent. If the crop raised by them would in some instances exceed what it would be in the ordinary mode of cultivation, it must be to the public interest that the larger crop should be raised. On the other hand, if they would be unable to raise so good a crop, the public interest must suffer from the degree of scarcity of produce which their occupation would occasion.

A peasant working on his own account puts to his labour much more exertion than a hired labourer. His wife and children, too, assist, and every vacant hour is devoted to his work. Hence consists the superiority in the cultivation of a cottier peasantry; the inferiority consists in the want of skill and of efficient capital. In small patches of ground, where the spade husbandry, or where only cheap and simple implements are employed, the hearty, patient, and persevering industry of a peasant and his family, working for themselves, is so much more effectual than the sluggish exertions of the hired labourer, that

a much larger crop can be raised by them than can be gained in any other way. The cultivation of very poor land, in small pieces, or the reduction of waste land to tillage, is best effected in this way. But the whole of our soil could not be cultivated by the spade: there would not be labourers sufficient to raise all our produce by this method, and hence it is applicable only to a limited extent. Were the same hearty exertions made in conjunction with the large and efficient capital which the opulent farmer employs—his labouring cattle, ploughs, and powerful implements of the most improved kinds, the produce would be incomparably greater than that which the poor cultivator can raise with his simple but inefficient implements. But to transfer the cultivation of the whole soil of our country to a cottier peasantry, would be to go backwards instead of onwards in the march of improvement; and would be attended with lamentable results. To know what these would be, it is only necessary to look back to those ages when it was so cultivated, or to those countries where the soil is still cultivated in a similar manner.

CHAPTER XIII.

MANUFACTURING INDUSTRY.

MANUFACTURING industry is essential, not only to the gratification of the artificial cravings of man, but to the supply of his most urgent wants. Without it, he would be reduced to a more destitute and helpless state than any in which he has ever yet been found. He would possess neither tools nor clothing; his only shelter from the weather would be the hollows of trees and caverns of the earth; and his only food would be fruits, roots, and the flesh of such of the smaller animals as he might, in his naked and helpless state, be able to outrun and overcome. In order to form a just estimate of the importance of this branch of industry, we must not confine our view to its direct and simple

operation of preparing rude produce for consumption; we must also take into consideration its indirect and secondary operation of supplying the working implements to all the other departments of labour. In every branch, we require the aid of appropriate tools, implements, and machines, and these are furnished by manufacturing industry. Hence, without the co-operation of the manufacturer, no other kind of industry than his could be effectually carried on. He not only prepares, but also co-operates in appropriating, the spontaneous productions of nature; he assists in cultivating the earth and navigating the waters.

In the early stages of society, the manufacturing, as a separate interest, was small in comparison with the rest of the community. The scanty acquaintance with the arts then existing afforded little room for the exertion of labour in working up raw produce; while the inefficiency of industry proceeding in great part from a want of knowing how to apply it with advantage, allowed of little cessation from the work of procuring food, or fabricating articles of convenience and luxury.

In the progress of improvement, the accumulation of capital, and the concentration of population, the productive powers of manufacturing industry are continually increasing; and a perpetually decreasing number of workmen are able to work up the same quantity of raw materials. With this continually decreasing labour in working up goods, their value in relation to raw produce declines. The value of the goods, however, being made up of raw material and labour, will not decline in the measure of their whole value, but only in that of the labour bestowed upon them.

Manufacturing industry is peculiarly exposed to fluctuations and reverses through a falling off of demand, or the loss of particular branches of trade, occasioned by the capricious influence of fashion, political measures, the combinations and violent conduct of workmen, or other contingencies. The demand for the produce of agriculture is in great measure exempt from such influence. Food, as an indispensable requisite to existence, must continue in demand under all circumstances. But with manufactures, the demand for any particular article is dependent not only on the wants, but on the tastes and caprice of the pur-

chasers. A new tax may deprive a nation of the comparatively superior facility it before possessed in its manufacture. War may destroy a foreign market, by so raising the freight and insurance on its transport that it can no longer stand against the competition it has to meet in that market. Rival manufactures, too, may produce the same effect. In such cases, the manufacturer is often obliged to abandon his occupation, and endeavour to find some other; making a sacrifice of his tools, fixed capital, and all his acquired skill and knowledge in the manufacture. Distress is the unavoidable consequence of this loss; which must be felt during a long interval of time. The quicker the change is made, however, the less will be the suffering; which cannot but continue until the individuals have become established in some other occupation. Hence the expediency of affording every facility to the transfer of industry from one occupation to another, as changes of demand call for it.

The natural seat of manufactures is in situations favourable for extensive communication by land or water carriage, with places where a market exists for its productions, or whence a supply of its materials may be procured. They are found, however, at times to migrate from place to place in the expectation of superior advantages being found for carrying them on. The coal districts are the natural seat of those manufactures in which fuel is largely required; and it is partly to the cheapness of fuel that is to be ascribed the removal of the woollen manufacture from the southern to the northern counties of England; while another cause is to be found in workmen of greater docility having at first been procured, and at lower wages. The opposition of workmen to the introduction of improved processes or machinery which saved labour, and their combinations to raise or maintain wages at an unreasonable height, have in too many instances deprived their employers of the means of gaining a livelihood by business, when a falling off of demand may have diminished the sale of the article; while their violent conduct has rendered the property and lives of their masters insecure, and compelled them to seek for other situations for carrying on their business. Such conduct in the workmen is always sure to prove more mischievous in its conse-

quences to themselves than even to their employers. They ought to recollect, that though only one factory should be broken up in this way, its removal to a new district where the same manufacture has not before existed, may lead to its extension there; and thus not only deprive them of the employment before procured, but still further reduce the value of their labour by bringing a new competition into the market.

CHAPTER XIV.

ON COMMERCIAL INDUSTRY.

The division of employments, and the diversity of soil, climate, and productions natural and artificial, of different places and countries, give rise to the interchange of commodities. The productions both natural and artificial of different countries are exceedingly dissimilar. Many of the rough materials which nature furnishes to the arts are to be found only in certain spots; and whoever would procure them must be at the trouble or cost of bringing them thence. It is the same with the productions of art. Many necessary or desirable articles are produced only by the inhabitants of certain countries. Others are produced with so much greater facility, and at so much less cost, in some countries than in others, that it is advantageous to other nations to procure their supply of such articles from thence, in preference to producing them at a greater cost themselves. Although some countries are more liberally supplied than others with raw productions by the hand of nature, and although the inhabitants of some are more skilful than those of others in raising and manufacturing desirable articles; yet there are few countries, however poorly supplied by nature, and however unskilful their inhabitants may be, in which there are not some articles, the production of which is peculiarly adapted either to the country, the climate, or the national industry, which may

be given in exchange for other articles of which they are destitute. "The coldest inhabited countries are often well supplied with wood and useful metals, and their seas abound with fish, particularly those kinds from which oil is obtained. In the temperate zones we find countries adapted for raising corn and pasturing oxen, sheep, and other cattle. At a certain latitude, the vine and the olive, and many kinds of delicious fruits, arrive at perfection. A little more warmth is required for raising cotton, and rearing the insect from whose labour silk is obtained. The warmest climates supply us with sugar, coffee, and spices. The cultivation of the tea-plant, though it does not require a very warm climate, has been hitherto confined to the eastern parts of Asia."* Were there no division of employments, and no diversity in the soil, climate, and productions of different places, there would be but little need of any interchange of commodities; and the magnitude of trade and commerce is determined almost entirely by the extent of the division of employments, and the diversity which has been now spoken of.

The facts that trade and commerce have everywhere enriched the nations by which they have been carried on, and that poverty has everywhere appeared where trade has been neglected, have been so evident as to force themselves on the assent of all men; yet how they enrich nations few appear to have understood. "While the supporters of the theory known by the name of the 'Mercantile System,' maintain that mercantile industry enriches a country by bringing into it a larger supply of the precious metals, the disciples of the French economists contend, that it can do so only by importing the raw produce of foreign states. Even recent writers, who have rejected the errors both of the mercantile and of the agricultural system, have not been eminently successful in solving this intricate problem in economical science, and in laying open the *modus operandi* by which commercial industry produces wealth."† When industry collects the plants and animals which nature presents in a form adapted for use; when it bestows utility on materials which could not previously have administered to our wants; or when it multiplies or ameliorates the useful produc-

* Progress of Society, p. 282. † Col. Torrens, p. 152.

tions of the animal and vegetable kingdoms; its operation in producing wealth is sufficiently obvious. The effect is less apparent when it merely collects from the producers commodities already acquired, and, without making any alteration or improvement in them, only transports them from place to place, holds them in store until wanted, and exchanges them one against another.

The misapprehensions which have existed on the mode of operation of mercantile industry have arisen, partly, from considering *wealth* to be the only object of national industry, and the augmentation of *value* as the great end of its exertion. Whence it followed, since mercantile industry created no one object of wealth, that it was without any result in the augmentation of national wealth. Enough has been said already on the impropriety of limiting the subjects of economical inquiry to articles of wealth, and its end to the augmentation of their value. Taking another view of the subject, looking at industry as the instrument by which our various wants are supplied, and regarding it with a view to facilitate and abridge its labours, we shall see this otherwise obscure point sufficiently distinct; and no difficulty will then be found in duly appreciating the effects of mercantile industry, or in discovering the mode in which it contributes to multiply the productions of art, and to heighten their excellence and adaptation to our wants.

In the acquisition of the objects which are the end of the exertion of industry, there are two distinct kinds of operation requisite. These are, first, the work of their original acquisition or production, with their manipulation to fit them for use; and, secondly, the work of collecting them from the different places and countries whence they are originally procured, transporting them from place to place, reserving them in store until wanted, and distributing them of proper sorts and in proper quantities to the parties by whom they are to be used or consumed. The first of these two kinds of operation forms the business of appropriative, agricultural, and manufacturing industry; the last is the work of distributive industry. The business of the latter is to effect a distribution of commodities better adapted to our wants and

desires than that which actually obtains in nature. It is matter of small moment that in the performance of this business there are no *new* objects of wealth created. When one man has more of food, and another more of clothing, than he has occasion for, and while the first is in want of more clothing, and the last of more food, than he possesses, it is an accommodation to both to be enabled with facility to exchange the surplus portion of the food of the one against the surplus portion of the clothing of the other. Every purchase and sale which takes place between individuals, whether of the same country or of different countries, though it be but an exchange of things in themselves perhaps equivalent, is advantageous to both persons. It is an exchange on the part of each, of a commodity in possession which is of less utility and value to the holder than to the purchaser, in exchange for that which, though of equal value to persons in general, was of less to the vender than to the purchaser. Whether or not the value of the articles be augmented, it is obvious, that the circumstances of both are improved, by parting with what existed in excess, or was little wanted, for what existed in a degree of scarcity, or was more wanted. Thus exchanges, though they add nothing to the magnitude or other properties of the objects themselves, yet in adding to their usefulness to the parties by whom they are possessed, or to the enjoyment they afford, act directly in the accomplishing of the only end for which the labour and sacrifice of the acquisition of things is undertaken and borne. The work that distributive industry performs constitutes part of the whole labour requisite to furnish our supply, and is equally indispensable with the other parts. It cannot therefore be accounted of subordinate importance in the estimate of national concerns; much less left out in the examination of national industry.

Upon mercantile industry devolves the office of purchasing and collecting from the several producers and manufacturers scattered all over the globe, all the materials, and all the finished or more or less finished productions, the peculiar produce of the industry of each, transporting them from places in which they are little wanted, and distributing them wherever

they are more in demand; holding them in store till required for use, and vending them in proper quantities, and at seasonable times;—the materials and unfinished goods to the manufacturers, and the finished goods to their proper consumers; whether for use or consumption as capital, or as revenue.

In the service which distributive industry performs, the quantity of labour actually performed is often but small, consisting in buying and ascertaining the quantity and quality of the goods it circulates, transporting them from place to place, keeping them in store, and selling and conveying them to the consumers. But in this duty which it undertakes in the acquisition of the objects of industry, the intervention of capital is indispensable, and the sum which it has to advance in the performance of its functions, is frequently very large. It is in the use of this capital, more than in the actual work performed, that the principal part of the service rendered by this kind of industry commonly consists.

The capital employed in mercantile concerns forms a large portion of the whole capital employed in business. Mercantile capital consists, first, in the carriages, horses, ships, vessels, packages, and other things employed in the conveyance of goods; the buildings, shops, warehouses, and premises used for preserving them until demanded; together with the money employed in effecting payments. Secondly, in the goods themselves collected, transported, reserved in store, and distributed with it. The first may be compared to the tools or instruments by which mercantile labour is performed; the second, to the materials on which that labour is bestowed.

Every article of value which is not transferred directly from the producer to the consumer, or directly from the producer in one stage to the producer in another stage in the progress towards completion, is transferred by means of mercantile industry and mercantile capital, and for the time forms part of that capital. When the divisions of employment are well established, it is but an exceedingly small portion of the produce of the personal labour of an individual that he consumes himself, neither is there any great part of it which he supplies directly to the consumer; and, therefore, almost all the articles on which the

whole revenue of a country is expended have, in one shape or another, been purchased in the market, passed through the hands of dealers, and formed a part of mercantile capital, before they reach the consumer. Nay, some of these articles requiring, by the division of labour, to be passed repeatedly from one manufacturer to another in the successive stages of their progress, are brought to market, and come to form a part of mercantile capital, several times over, before they ultimately reach the consumer.

Yet the whole amount of this capital, large as it is, is kept in motion by a comparatively small number of persons; and the mercantile labourers it employs consist only of the carmen, porters, bargemen, sailors, wharfingers, clerks, and assistants, employed by the merchants, dealers, carriers, shipowners, and bankers. Thus, in proportion to the individuals it employs, mercantile industry requires more capital than any other kind of industry.

It is said that there are only three shops in London which supply the watch trade with all the different parts of the watch (except the case) in their rough state, and all the materials and tools used by the manufacturers. They supply not only the London trade, but that of the country also; and they supply, likewise, the materials and tools of several other businesses, as jewellers and goldsmiths. The capital employed by these shopkeepers is sufficient for purchasing and keeping at all times on hand a store of an amazing variety of articles, comprising every description of materials and tools which is called for in these trades; and it keeps in employ only a few shopmen, porters, and others, in the sale and conveyance of the articles; whilst the workmen to whom it furnishes the tools and capital whereon their labour is bestowed, amount to many thousands in number.

From the circumstance that mercantile capital occupies a much smaller number of labourers than agricultural or manufacturing capital, an inference has been drawn, that it does not augment the value of the produce, or the riches of a country, in nearly so great a degree as agricultural or manufacturing industry. From an attentive consideration of the manner and degree in which mercantile industry aids in increasing the

powers of labour, and thus of augmenting wealth, and increasing the value of the articles upon which it is employed, it will be seen that this conclusion is erroneous.

In the acquisition of the necessaries and conveniences of life, and in the facilities which it affords to the labour devoted to this acquisition, distributive industry holds a distinguished place, and co-operates with the other kinds of industry in a very striking manner. There are several ways that are deserving of notice in which it thus contributes its share of the work.

The existence of a distinct mercantile class, employing a distinct capital, arises from and is a branch of that division of employments which heightens in so astonishing a degree the efficiency of labour. Now this division could only exist to a very limited extent without the intervention of mercantile industry. The existence of this division necessarily depends on the ability of individuals to exchange with facility the surplus produce of their industry beyond what is wanted for their own use, for the surplus produce of the industry of others. Without the aid of mercantile industry, producers of every class must necessarily exchange this surplus produce directly with each other, and of course in quantities which the one might be able to furnish and the other to pay for. A division of the labour of a family might be arranged amongst its different members; one applying himself to one kind of work, and another to another. A division to a small extent might also exist amongst the different inhabitants of a village, or small town; some applying themselves to appropriative, others to agricultural, and others to manufacturing industry, in the separate branches of these great divisions of employments. Even here, however, the greater part of the time of almost every producer would be spent in selling the article he produces, and instead of devoting himself exclusively to the business of his peculiar department, he must always combine with it the retailing of the article. The difficulty and loss of time in disposing of the article in small quantities, would compel most persons to follow several occupations at once, and to endeavour to produce, as much as possible, such things only as are wanted for their own use: thus curtailing the benefits which the division of labour procures. But it is much more

convenient, and occasions a great saving of time and labour, when the business of supplying the consumer is undertaken by a separate class, who make it their sole occupation. The farmer is engaged in superintending his work-people, looking to his cattle, and other business on the farm; the manufacturer is occupied with his workmen, his machinery, and the processes in his trade. It would be highly inconvenient to either of them to be perpetually called off from these employments, and to spend a great part of their time in attending to customers. Besides that the nature of their occupations causes them to be fixed to certain spots, the one to his farm, the other to his manufactory, which are in general inconveniently situated for the supply of the consumer; their premises are not suited for retailing goods, nor are they expert at such an employment. The dealer, on the other hand, saves this labour to the farmer and manufacturer; he purchases articles of them in the gross, and at whatever time most suits their convenience to dispose of them, making it his business to release their capital and find customers: thus allowing them to devote their whole time, attention, and capital, exclusively to the business of production. Entirely free himself from any tie to a particular spot, he places his warehouse or shop in such a situation as is most convenient to his customers. And since he is always behind his counter, they have no need to go half over a farm to find the master to serve them. He consequently performs the work of retailing with twice the facility and despatch that the farmer or manufacturer could do. The farmer or manufacturer in general produces but a few articles, and seldom much variety of a kind. If the consumer could supply himself only from them, he would be obliged perhaps to go to twenty farms, or twenty manufactories, before he could suit himself with the kind of article he wanted. The shopkeeper, on the other hand, makes it his business to keep on hand a great variety of articles, and as large an assortment of each as possible, aiming at supplying all the varieties of tastes as well as wants of his customers.

But although it might be practicable to establish a division of labour to a small extent amongst the inhabitants of a town or small district, without the intervention of merchants or deal-

ers, as a separate class, it would be utterly impossible, without the co-operation of such a separate class, to establish a complete and extended division, embracing the occupations of distant places and nations. In such case, as nothing could be procured from a distant or foreign country, the supply of each individual must be confined to the productions furnished by his own immediate neighbourhood; scanty, no doubt, in quantity and variety, as well as ill-adapted to his wants. By the aid of commerce, however, the wants and desires of man are supplied with productions of nature and art brought from all quarters of the globe, in an assortment as endlessly varied in nature and quality as the wants and caprices to which they minister. But without such aid, man would be deprived of the greater part of the most useful and necessary articles of life. Take the case of the productions of the tropical regions. It is only through the intervention of commercial industry, that the British consumer is enabled to procure his supply of sugar, coffee, cotton, and other like useful and, in the present state of society, necessary articles. If there were no merchants and traders, he would have to go to the East or West Indies for a supply of such things. But, arrived there, he would not be sure of obtaining the objects of his wishes; for the planter, not having ordinarily any foreign demand, would, most likely, not have raised more than sufficient for his own family use, and would be unable to spare any for a foreign consumer.

In such a state of things, as no article could be produced anywhere for the supply of a distant or foreign market, on account of the impossibility both of purchasing and of selling it, and as the inhabitants of every neighbourhood would be obliged to produce every article required for their own use, from the extreme difficulty of procuring it elsewhere, every different soil and climate must be made to produce every necessary required for their support, whether the soil and climate were congenial to the raising such production or not. The arable land must be, in part, laid down in pasture, to feed cattle; the moist meadow ground, in part, ploughed up, to furnish a supply of corn; and all the advantages accruing from co-operating with nature, both in raising on different soils and under different

latitudes, those peculiar productions only which are suited to them, and from the succession and alternation of crops, would be lost. The West Indian planter, for example, instead of devoting his plantations exclusively to the growth of sugar, coffee, cotton, and such things as flourish in hot countries, would find it necessary to sow a part of his land with wheat to procure a supply of bread; though the wheat would, in all probability, be frequently blasted with the heat: another part must be laid down in pasture to furnish milk, butter, cheese, meat, wool, and hides; but with what success pasturage may be procured in such a country it is not necessary to affirm. Without the intervention of the merchants, the planters, if they were to cultivate nothing but the peculiar tropical productions, would have to travel over half the globe to dispose of them, and that, not at the principal towns only, but over the whole face of the country, from family to family. But what, in such case, would become of their plantations in the mean time, their negroes, cattle, and crops? When the tropical regions must be in part devoted to raising the productions of the temperate and cold countries, while the inhabitants of these latter countries would be wholly deprived of tropical productions, through the impossibility both of raising them at home and of purchasing them from abroad, it is easy to conceive how deficient must be the produce of the soil, and how miserable the supply of the people in every country.

Again, without the power of exchanging the surplus produce of industry, men would be deprived of the opportunity of availing themselves, to their full extent, of those advantages, and of obviating those disadvantages, which are peculiar to themselves and to the circumstances in which they are placed. Instead of each man devoting himself exclusively to some single occupation, with which he might become perfectly acquainted, and more expert at than other men, and for which personal or local circumstances had peculiarly fitted him, he must combine a variety of occupations; and his attention being distracted with so many, he would be but superficially acquainted with any, and expert at none.

In short, whatever are the advantages accruing from a com-

plete and extended division of employment, they can only be procured through the co-operation of mercantile industry. These advantages have been already stated at large. A repetition of them here is therefore unnecessary.

Mercantile capital performs an important part in the business of industry. It saves an incalculable waste of time and labour, which would otherwise be expended in effecting the necessary exchanges of commodities. To the inattentive observer it may appear to lie inert and inoperative in the shops and warehouses of the dealers and merchants, without producing anything. It is not, indeed, directly employed in the original acquisition, production, or manipulation of articles, but it nevertheless sets at liberty to be employed in renewed production of the several kinds of the objects of industry, a portion of the producers' capital, which must otherwise be employed in performing the same office, and remain locked up and inactive in keeping on hand a stock of goods, waiting for a market.

Could the farmer only dispose of his crops in proper quantities to the consumers, he would not be able always to sell at the moment best suited to or most needed by himself; but must wait until their wants or ability to pay should cause a demand. At present, the farmer may reap his harvest, thrash out his corn, and send it to market, sure of meeting a purchaser amongst the dealers, and thus turn it all into money immediately, which he may without delay expend in ploughing and sowing for the ensuing season, or in other outlay that may be required on the farm. But, if he were compelled to wait for the sale of his grain until the consumers should call for it, he must wait for the sale of some of it until the following harvest. Not being able to procure money sufficiently early to plough and sow, he could not go on with the cultivation of his farm without a larger capital than he might actually possess. It is true, farms might be divided, and the capital which the dealer employs in taking off the farmer's stock, and holding it till a market is procurable, might supply the want of more capital for cultivation, and the dealer himself turn farmer. There would then be no dealers, but all would be farmers. But the circumstances of different farmers are not all alike, and their demand

for money does not occur to all at the same time. Thus the dealer is enabled to supply the exigencies first of one and then of another; and his capital returning from time to time, serves for the use of a greater number of farmers than the same amount would do if apportioned out amongst them; and thus renders a larger amount available to direct production. Besides, if there were no dealers and all were farmers, the advantages that have been mentioned would be lost, which the division into two employments now procures. At present the dealer is always at hand, and ready to supply the wants of the farmer whenever he is prepared to sell. And thus his capital imparts renewed activity to the other branches of industry.

The division of commodities into small and precise quantities, adapted to the wants of the consumers, and their means of purchasing, is an important part of the duty of mercantile industry, and well entitles it to the profit which it gains. "If," says Adam Smith, "there was no such trade as a butcher, every man would be obliged to purchase a whole ox or a whole sheep at a time. This would generally be inconvenient to the rich, and much more so to the poor. If a poor workman was obliged to purchase a month's or six months' provisions at a time, a great part of the stock which he employs as a capital in the instruments of his trade, or in the furniture of his shop, and which yields him a revenue, he would be forced to place in that part of his stock which is reserved for immediate consumption, and which yields him no revenue. Nothing can be more convenient for such a person than to be able to purchase his subsistence from day to day, or even from hour to hour, as he wants it. He is thereby enabled to employ almost his whole stock as a capital. He is thus enabled to furnish work to a greater value, and the profit which he makes by it in this way much more than compensates the additional price which the labour of the retailer gives to the goods. The prejudices of some political writers against shopkeepers and tradesmen are altogether without foundation. So far is it from being necessary, either to tax them, or to restrict their numbers, that they can never be multiplied so as to hurt the public interests, though they may so as to hurt their own individual interests." In this way, mercantile industry econo-

mizes both the producer's capital and the consumer's expenditure, and renders that capital continually productive.

Thus the intervention of the dealer, when performing his office with judgment, is advantageous both to the producer and to the consumer. He gains, it is true, a profit in recompence of the labour he performs, and of the capital he employs in keeping the goods on hand till the wants of the consumers call for them. The French economists contend that this profit is so much deducted from the producer, and that the wealth of the dealer is gained at the expense of the farmer and manufacturer. But the dealer gains no more than the farmer himself might gain, if he chose to perform the labour of retailing, and if his capital were sufficient to allow him to do so, and yet go on without selling his produce immediately in the gross. The farmer, however, cannot be a loser by failing to get this profit which the dealer acquires, for he neither performs the labour of retailing, nor advances the capital for reserving the corn in store, in recompence of which the profit is charged. Besides, the money which the immediate sale of the corn produces, being expended again without delay in ploughing, sowing, and other expenses of husbandry, yields him a return that he could not have got, had it remained locked up in corn in store till the demands of the consumer should have released it. Thus mercantile industry and capital, taking part in the general labours necessary to furnish the supply of society, release agricultural and manufacturing industry and capital from a work which they would otherwise have to perform, and render them available for the prosecution of fresh and extended labours in their own proper departments. It is by the performance of this distinct and separate service that the profit of the dealer is earned, and that without in any measure trenching on the profits of the farmer or manufacturer.

It is obvious that the intervention of the dealer does not prove injurious to the consumer, but, on the contrary, that it cheapens the sale price of the article. Labour and capital are employed both by the farmer and dealer, and since competition, so far as it can operate, eventually equalizes profits in every line of business, we must conclude that the profits of the trader are

in proportion the same as those of the farmer or manufacturer. Whether, therefore, the two operations are performed by one and the same person, or by two, is matter of perfect indifference to the consumer, provided he be in each case equally well and cheaply supplied. But it happens that he cannot be so conveniently, and therefore not so cheaply, supplied by one person, as through the medium of two; and hence, from his being better and more cheaply supplied, the origin and advantage of mercantile industry as a distinct branch. The prime cost, or the price at which the farmer and manufacturer sell their articles wholesale, is the remuneration for the employment of their labour and capital in production and manipulation: the difference between this prime cost and the selling price, affords the remuneration to the dealer for the agency of his capital and labour, in the collection, conveyance, and supply to the consumer; and notwithstanding that the retail price is higher than the prime cost, there is no loss to the purchaser; but, on the contrary, he gains in this way; for if the farmer and manufacturer had undertaken the office of the dealer, they would have charged a higher price for it in consequence of their not being able to perform it so conveniently, and with so small an expenditure of labour and capital. Thus, therefore, though through the intervention of the dealer, another person comes to be employed in the business of the supply to the consumer, with another profit, the price charged to him is, however, even less than it would be without such intervention, and if the whole business were undertaken by the actual producers of the commodities.

Many natural productions exist in particular places in much greater abundance than is sufficient for the use of their inhabitants. The beautiful woods of which our costly furniture is made are found in Spanish America in such superabundance as to be often a nuisance and encumbrance on the land. Transported to Europe, they furnish the choicest materials for the display of the most exquisite workmanship. It is the same in a measure with the beautiful marbles of Italy, which supply the arts with materials of decoration, and to sculpture the means of handing down to posterity lasting records of the virtues of departed worth. It is to commercial industry, co-operating with appro-

priative industry, that we owe a supply of these materials of the arts. The subjects of this industry, however, are not only things that are useless in the places where they are found, but every article to which that industry is applied is rendered of more use and worth by being transported to the places in which they are wanted, than they were in those whence they are brought. It must be allowed, then, that commercial industry, which transports commodities from places where they are little in request to places where they are more so, eminently conduces to the supply of our wants, and bestows a higher degree of utility and value on articles, some of which, perhaps, possessed none at all before.

Commercial industry usually confers additional value on the goods about which it is employed, equivalent to the labour and capital so employed. An enhancement of value, however, does not always certainly show that any real superiority of quality is possessed, since it may be the result of scarceness merely; and, if it were not so, dearness cannot be accounted better than cheapness. But, although it does not do so universally, an increase in the estimation which men set upon things commonly indicates an improvement in them, or that something has been done equivalent to their increased value.

The dealer, however, never bestows additional value on articles merely by the act of purchase, and without the performance of the necessary conditions to an enhancement of value. It is only by the performance of these conditions; that is, by conveying commodities to places situated conveniently for the consumers, reserving them in store until called for, and vending them in quantities adapted to the wants and means of the consumers; that their value can be raised. Even then, the labour and capital so employed must be managed with the greatest judgment, and the strictest attention to the actual wants and means of the consumers, or they will confer no additional value, and yield no profit to the trader. We see that goods which are purchased on speculation by the dealer, if sold again in the same quantities, in the place, and at the time of purchase, will, on ordinary occasions, fetch no higher price than they cost. The expected profit of the speculation can only be

obtained by withdrawing the goods from the market, and reserving them until the demand become more active. So, likewise, goods which have not been purchased on speculation, but for the purpose of holding in store and retailing, if they must be sold again before they are required by customers, or in quantities not suited to their wants, fetch no higher price than they cost: the necessary conditions to the enhancement of value have not been performed, and no profit can accrue from such transactions. In fact, a loss must be sustained on sales of this nature, by the labour wasted, the capital delayed from its proper and profitable occupation, and the probable injury to the goods by removal.

In speaking of the advantages accruing from the erection of mercantile industry into a distinct employment, one might allude to the moral consequences to which it is subservient. The whole sum of these advantages would, indeed, be underrated if we failed duly to appreciate the value of the services it performs in this way. Viewing the dissimilarity of the productions natural and artificial of different countries, with the immense advantages of an extended division of employments; considering, likewise, that the acquisitions of knowledge, which may have cost an incalculable application of study and labour, are communicable to others in a moment; it is impossible to doubt that it was the design of Providence, in this constitution of things, to promote the intercourse of mankind, both amongst the inhabitants of the same country and with those of far different and distant regions. "The human mind derives its chief improvement from the association of mankind with one another; and though there be other principles which lead men to associate, that of commercial intercourse holds a considerable place." The moral consequences thus produced, though not so immediately and evidently conducive to opulence as some others, are not less so indirectly, and through the operation of causes more remote and less apparent, yet not on this account the less effectual. But, on the present occasion, it is sufficient merely to allude to these consequences, without pursuing them at large.

In fine, to convince us of the importance of the office which mercantile industry performs, and the value of the advantages

which are procured through its co-operation with the other kinds of industry, we need but reflect on the comforts and luxuries at present possessed, together with the state of moral and intellectual advancement of civilized man, in contrast with the state of poverty and degradation which must have been his condition without it. It adds to the actual enjoyment of life not less as affording articles of positive utility, than gratifications on which habit and fashion have stamped a value. "A modern Englishman cannot breakfast comfortably without the infusion of a Chinese herb, served up in a vessel from the same country, seasoned with the juice of a West India reed refined in the metropolis, and stirred with an implement obtained from the mines of Potosi." Whether or not he be observant of the means through which these gratifications are acquired, it is assuredly through commerce alone that they can be obtained. The agency of the class of dealers, therefore, forms an important part of the agency necessary to supply and gratify our wants and wishes, is indispensable to that supply, and yields its full quota, indirectly, to the mutiplication of the necessaries, conveniences, and luxuries of life; facilitating and abridging labour, and affording the means of satisfaction to every rational desire we can form, by bringing to our very doors the infinitely varied productions of nature and art in every quarter of the globe.

If such are the benefits accruing from the establishment of mercantile industry as a distinct employment, on the same principle, every improvement which can be made in the method of conducting mercantile concerns, whereby a saving either of the labour or capital necessary to carry them on can be effected, without lessening or retarding exchanges, sets free a portion of labour or capital from this employment, and renders it available to direct production. The same effect results from every saving of time, or increased rapidity, whether of conveyance or other kind of business, whereby the same amount of capital or labour is capable of effecting a greater number of exchanges in the same period. These, and every other saving of labour or expense in mercantile transactions, act in the same manner as savings in other departments of industry, by increasing the supply of the community, and cheapening its cost to the con-

sumer. Amongst the many inventions which the ingenuity of man has devised to economize the expenditure of his labour and money, those of bills of exchange and paper money hold a prominent place. The important service which these render to the mercantile world, in facilitating exchanges and payments, and saving the employment of large quantities of coined money in pecuniary transactions, will be noticed at large hereafter; and therefore will only be alluded to in this place.

But notwithstanding the immense advantages conferred by mercantile industry, it has ever been the subject of jealousy and of restraint. Ignorance, prejudices, and mistaken views of self-interest, have everywhere induced a meddling interference with trade and commerce, which has curtailed their extent and fettered their activity. Unfortunately for commerce, it has presented in many instances an easy mode of levying taxes, and hence it has been burthened with duties, and with regulations relating to their collection. Witness the enormous duties of customs amongst all civilized nations, and what is worse, the alcavala of Spain and Naples, which imposes a duty on every transaction of the home trade. Hence the extent and activity of trade and commercial intercourse are, in great measure, dependent on their freedom from legislative regulation and restraint, and exemption from transit duties and impositions on the exchange of commodities, whether foreign or domestic. Whatever regulation or duty lessens the facility of exchange, or the quantity of goods exchanged, in the same degree lessens or deprives the people of the benefits which commerce might bestow. The facility of raising a public revenue, can only in a very small degree compensate for the mischief which the tax occasions in lessening the exchanges that would otherwise be effected. These duties and restraints are for the most part on foreign commodities, but the mischief they occasion will be very intelligible if we consider what would be the consequences of the same duties and restraints laid on the transactions of the home trade. If, for example, the corn of one county were not allowed to be transported and exchanged for the cheese, butter, and neat cattle of another county; if the good harvest in the one were not permitted to supply the deficiency in the other (as

was formerly the case in England); or, if this could not be done without the payment of a tax to the state, which must necessarily lessen the number of instances in which these exchanges could be advantageously effected; the land of each county must be changed from that kind of culture to which it is best adapted, to be employed in raising produce for which it is least adapted, and which is now brought from other counties, and raised on soils peculiarly suited to it; while famine would rage in one county notwithstanding that abundance existed sufficient to relieve it in the next. On the same principle that we should open roads, construct canals, and improve the other means of transport of commodities, we should remove every legislative or fiscal provision which prevents or impedes commercial intercourse.

Mercantile industry, which arises from the division of employments, is itself likewise distributed into an endless variety of different branches; and this for the same reason that all other divisions of labour are made—the consequent acquisition of greater advantage. By this distribution, capital is economized and made more active, and business brought within the means of persons of moderate capital; a thorough acquaintance with each branch is more easily acquired; business is done in an easier, a better, and cheaper way than by each individual carrying on all its different branches. We have in mercantile industry three great divisions—the home trade, the colonial trade, and the foreign trade. Mercantile men in general devote themselves exclusively to one of these, without intermeddling with the others. These great divisions are also subdivided according to the different kinds of goods dealt in; as the corn trade, the linen trade, the East India trade, the West India trade, and an endless variety of others. We have likewise different capacities in which people act in each of these different trades; as brokers, wholesale dealers, and retail dealers. There is also the banker, who occupies an important post in mercantile as well as other kinds of business.

The broker brings together buyers and sellers. There is no capital required in his business, and therefore he is not limited

by a want of capital in the extent of the business which he can transact. The quantity of goods which he buys and sells is very large, both in their value and in the number of purchases and sales. Entirely occupied with the market, he has a more intimate knowledge of the quality and value of the goods brought to market, and a more extensive acquaintance with buyers and sellers, than any other person can have, and thus saves a great deal of time and labour that would otherwise be wasted in the purchase and disposal of goods; and the merchants, farmers, and manufacturers, who have purchases or sales to effect, greatly rely on his judgment of the market, and of the quality and value of articles.

The wholesale dealer is usually a man of large capital, for which he could not readily find employment in a retail concern. He purchases in large quantities of the producer or importer, and sells again in smaller quantities to the retailers, according to their several demands; frequently giving a longer credit than he himself obtains. He performs the same office to the retailer, as the retailer does to the consumer. It would be very inconvenient to the producer or importer, if he could dispose of his goods only to the retail dealers; and that at a long credit. The producer is engaged at his manufactory or his farm, and in general has no capital to spare with which to give much credit; or if he have, he is able to employ it to greater advantage in his own concerns. The importer is occupied with foreign correspondents, attending to the markets or the shipping, or perhaps is travelling himself. The producers and importers have no warehouse conveniently situated to which the retail dealers may resort, and it would deprive them of valuable time and capital, if they must always keep a stock and assortment of goods on hand, and be in attendance to sell. The intervention of the wholesale dealer relieves them from this necessity; he purchases whenever it may suit them to sell, and in whatever quantities they please. By the intervention of his labour and capital he accommodates alike the parties from whom he purchases, and the parties to whom he sells; saving them both a great waste of time and trouble; setting free the capital of

the producer or importer, which would otherwise be locked up, and rendering it immediately available for further production or importation. Thus he fairly earns the profit that he gains, without trenching on the profits of the others, while he at the same time cheapens the supply to the consumer.

The retailer's labour and capital serve an equally useful part in the supply. Whilst the wholesale dealer establishes himself in some great town to which the retailers are in the habit of resorting; these last disperse themselves everywhere in the towns and villages, in situations convenient to the consumer.

Thus the whole mercantile class, by the division and combination of employments among them, conjoin in the performance of that duty which renders such essential service to the community.

From the fact that mercantile industry employs a smaller number of labourers, in proportion to its capital, than either agriculture or manufactures, we perceive the absurdity of that jealousy of foreigners engaging in this branch of industry which is sometimes observed. If it were not for the aid of the foreign capital employed in conducting the commercial transactions of the country, the capitals of native subjects, now vested in agriculture or manufactures, and which employ a greater number of labourers than commercial industry, must be withdrawn from these employments to carry on the necessary commercial transactions. Foreigners will not embark their capitals in agriculture or manufactures so readily as in commerce, because the capital in the two former becomes necessarily more fixed, and cannot be easily withdrawn in case of their wishing to return to their own country, in the event of war or other political circumstances rendering their situation precarious. In commerce, capital may be readily withdrawn and transported to other countries, in case of insecurity or persecution from the government or individuals. If then a country would discourage foreigners from engaging in its commerce, it must lose the benefit of the employment of their capitals. The absurdity of this jealousy is greater in poor countries, where capital is scarce, though it is here that we find the jealousy existing in its greatest strength.

Mercantile industry is usually distinguished as consisting of three separate branches;—the home trade, the colonial trade, and the foreign trade. In this order, it is proposed further to consider them.

SECTION I.

On the Home Trade.

THE exchange of commodities between individuals of the same community, constitutes the home trade. But it is not every exchange of home commodities that is an act of mercantile industry. There are many such exchanges with which mercantile industry is not concerned. An exchange between the fisherman and the consumer, of the fish caught by the one for the money of the other, is not an act of mercantile industry: the intervention of the dealer would be necessary to constitute it such. Again, for the same reason, when the farmer sells directly to the clothier the wool which has been shorn from his flocks, neither is this an act of mercantile industry; it is an act of mercantile industry only when the farmer sells the wool to the wool merchant. After leaving out these instances of direct exchanges, however, that which first strikes us in considering this branch of mercantile industry, is its superior magnitude. Of the commodities produced in any country, the greater part is always consumed at home. The foreign articles imported bear a very small proportion to the produce of domestic industry.

It is through the co-operation of the home trade that the home division of employments becomes established, and all the advantages secured which flow from that division. Abolish the home trade, and the home division of employments will cease, and all its accompanying advantages be lost. So, likewise, it is on the extent and activity of the home trade; the facilities of domestic intercourse; the ease, rapidity, and security, with which the peculiar products of one part of the country can be transported and exchanged for those of another; that the variety and

accuracy of the home divisions of employment must depend; and the consequent degree of superiority in the powers of domestic industry.

Independently of the augmentation in the effective powers of labour consequent on the co-operation of the home trade, this co-operation effects a distribution of commodities better suited to our wants. If the means of suitably distributing the productions of a country were essentially impeded, by the breaking up of roads or canals, restrictions on the transport of goods, the stoppage of communication by post, or other impediments, although we should suppose, contrary to fact, that the quantity of goods possessed by the whole community would remain the same, yet, the articles possessed by each consumer being less completely adapted to his own peculiar wants, they would be less serviceable to him, afford less satisfaction, and the real utility and value of the whole be greatly depreciated. On the other hand, if the distribution of the produce of a country were materially facilitated, the adaptation of that produce to the wants, tastes, and means of purchase of the consumers, would become more complete; the produce would be more serviceable, and afford a still higher gratification in its consumption; the ends of labour would be more completely attained, and the goods acquire a higher value.

It has been said that the internal commerce of a country is more beneficial to it than the external, inasmuch as by each operation of exchange at home a twofold benefit is conferred. "When one person gives his exclusive attention to the cultivation of the soil, while his neighbour and countryman confines his attention to working up its produce, then the mercantile industry by means of which this division of employment can alone be established, at one and the same time augments the productive powers both of domestic agriculture and of domestic manufactures. But when any individual cultivates the soil, and exchanges its produce for wrought goods imported from abroad, then the mercantile industry by which the international divisions of employment are established, at one and the same time augments the productive powers of domestic agriculture and of foreign manufacture. Thus then it is demonstrable, that in

every transaction of the home trade, the whole of the benefit resulting from the consequent division of employment remains in the country; while in each transaction of the foreign trade, a part of this benefit will belong to foreign countries."* But this statement may lead to an extravagant estimate of the value of the home trade, and to underrate the value of the foreign trade. A little reflection will convince us that it is not in the nature of the internal intercourse to confer a greater benefit than the external; and that the advantage or disadvantage of a country exchanging its productions of different kinds one against another at home, rather than with foreign countries, must depend on circumstances altogether independent of the nature of the trade.

As a complete division of employment cannot exist without the intervention of mercantile industry, so the productive powers of industry must be augmented in proportion to the extent of the co-operation of mercantile industry, whereby this division becomes more extended. Now the division and subdivision of labour may be extended in an equal, or even a greater degree, by the foreign than by the home trade. This division and subdivision depend on the number of persons who may be exclusively occupied in the same branch of industry; and this must be regulated by the extent of the market. If the home trade only is to be attended to, our market must be limited by the demands of that trade, and the number and variety of our productions must be adequate to supply the almost infinite variety of articles required in that market. But if the foreign trade be equally attended to, then is the market greater, and is supplied by a greater number of producers; consequently the attention may be more exclusively devoted to the production of a few commodities, instead of a great number, and the remainder of the supply for the home market be left to be made up from abroad. By this arrangement, the foreigner will likewise be enabled to devote himself more exclusively to the production of a few commodities, supplying himself with the remainder from us; and, consequently, to excel in the quality and cheapness of his goods. Thus the enlargement of the market

* Col. Torrens.

must cause the production or manufacture of goods to be carried on by each party in the large instead of the small way; must enable them to extend the division of labour; consequently, must everywhere increase the productive powers of industry to their utmost limit, and redound to the benefit, alike, of our own and of foreign countries. The few commodities we produce at home, must be better and cheaper; and the remainder which we procure from abroad, must also be better and cheaper. In this view of our subject, we may notice by the way, that that philanthropy has not always been well directed, which has endeavoured to find employment for our poor, in the production of a variety of articles, with which we are at present supplied from abroad; not considering that as much as we supplant foreigners from selling in our market, so much must we deprive them of the means of purchasing in our market, and ourselves of selling in theirs.

With reference to the case before quoted, of one person giving his exclusive attention to the cultivation of the soil, while his neighbour and countryman confined his attention to working up its produce; and of the mercantile industry, by means of which this division of employment is established, augmenting at the same time the productive powers both of domestic agriculture and domestic manufacture; it may be noticed, that in this case, though the mercantile industry thus augments the productive powers of two kinds of industry, it is simply the productive powers of two persons; and, in the case of an individual cultivating the soil and exchanging its produce for wrought goods imported from abroad, though the mercantile industry by means of which these international divisions of employment are established, augments the productive powers of only one kind of domestic industry, and of only one person who is a subject of our government, yet it augments the productive powers of that branch of foreign manufacture which we purchase. This augmentation of productive powers must improve the quality and cheapen the price of the foreign article, which cannot but be to our advantage as consumers; for the benefit contemplated by the exchange is to procure that which is better and cheaper than we could produce ourselves. Whilst, however, only one kind of industry, and one individual, is benefited by this foreign trade,

it does not follow that the productive powers of the manufacturing industry of the other individual may not likewise be equally augmented by the intervention of mercantile industry. Though unable any longer to exchange his manufactures for the corn of his neighbour, he may exchange them for foreign productions. In this case, it is, as respects the promotion of the productive powers of his industry, the same as before. If we leave out of consideration the probably greater distance of communication, there is no greater quantity of mercantile labour, or mercantile capital, requisite to carry on a foreign, than a domestic, intercourse of commerce. Let the home merchant, who was previously employed to exchange the corn of one of these persons against the manufactures of the other, be now employed to exchange the corn of one of them against the wrought goods of a foreign manufacturer; and let the foreign merchant, who was formerly occupied in effecting the exchange of the productions of two individuals of his own country against each other, be now employed to exchange the productions of one of them against the productions of our home manufacturer, and everything is the same as before, as respects the quantity of mercantile industry employed, the difficulty of making the exchanges, and the benefits which result from them.

In another place it has been observed, that whatever diminishes the labour requisite to procure our clothing and lodging, enables us to devote a larger portion of time to the cultivation of the soil. So, likewise, whatever improvements may be made in the means of transport, so as to lessen the labour or time of transporting goods, must afford the means of extending cultivation over inferior soils, and of heightening it on superior soils to a degree which could not previously have been attained. It is thus that a canal, a steam vessel, or a better road, indirectly fertilizes the country, and enables us to provide subsistence for a greater population.

The extent of the market, and, consequently, the extent of the division of labour, is dependent on the means of transport; that is, on roads, canals, carriages, and vessels. Natural or acquired facilities for transporting commodities give a country advantages similar to those which would be conferred by a high degree of fertility of soil, or increased skill in the direction of

labour. The cost of an article to the consumer consists partly of a remuneration for the labour and capital employed in its production, and partly for those employed in the conveyance to him; it is immaterial to him how much of this cost is for the production and how much for the conveyance: the whole charge being the only thing of moment. Diminishing the expense of carriage has the same effect on the opulence of a country as diminishing the expense of direct production. A cheaper mode of communication diminishes the cost of production by a threefold operation;—while it lowers the price of food and materials to the workman, it brings back the finished goods at less expense to the consumer; it also gives occasion to a greater quantity of work being performed by fewer hands. When the means of internal intercourse are defective, the people must reside in the immediate neighbourhood of the district which furnishes them with subsistence, and consequently will be very much scattered over the surface of the country. Improvements in the construction of roads, canals, carriages, and vessels, bring, if one may so speak, mankind closer together; they, in effect, concentrate the population. In proportion as the population of a country is congregated together, the divisions of employment become more decided and extensive, skill and capital are economized, machinery of greater power is introduced, and the productive powers of industry augmented. Looking then at the effect which an improvement in the means of transport may produce, we should see but a small part of the benefit, if we looked only to the immediate effect of lessening the expense of transporting the quantity of goods at present conveyed; we must also take into account, what is of greater importance, the remoter consequence of an increase in the quantity of goods that will hereafter be conveyed, with the still further division of labour and economy of capital and skill, which this greater cheapness of conveyance will allow of being effected. We are witnessing, and have for years past been witnessing, a great improvement in the means of transport in our own country, by the superior state of the roads, the great number of new canals and rail-roads formed, with the application of steam to propelling vessels and carriages. We as yet regard only the saving

of time and expense of conveyance, but we may look forward to all the benefits resulting from a concentration of the population, a still further division of labour, an extended and heightened cultivation of the soil, and a greater spread of opulence, as the ultimate effects of these improvements.

From the nature and extent of the benefits derived from the facility of internal intercourse, it might seem, at first sight, not unreasonable to conclude, that government has the power of rendering industry more productive, by causing improvements in inland communication to be undertaken at the public expense, which could not be done with profit by individuals or public companies. The following considerations will show that in all ordinary cases this conclusion would be erroneous.

If the investment of capital in the construction of a canal or rail-road would yield a return on that capital equal to the return which it would yield when expended in other ways, the private interest of individuals who have capital to be invested, is sufficient to induce them to form a company to undertake the work; and it would be superfluous in the government to interfere; since the work is not so likely to be done well and with economy, as when under the superintendence of those who have an interest in its being properly and cheaply performed.

But if the canal cannot be constructed so as to yield to a company a profit on the capital expended, equal to the profit which would be yielded to the same capital when expended in other ways, it would be misapplying the capital of the public if the government were to undertake the work. The wealth of a country must be the greatest during every period of its existence, when its labour and capital are at all times directed into the most lucrative employments which existing circumstances present; and if a part be diverted from the advantageous channels into which it would naturally flow, and forced into one which is disadvantageous, the future produce of the national capital must necessarily be lessened. Let us suppose that by the construction of a canal a saving of labour is effected in the transport of goods along its line during a year equal to a thousand days' labour, but that the capital expended in its construction, if it had been expended in more commodious buildings, ma-

chines of greater power, or in some other profitable way, would have effected a saving of manual labour, or have yielded productions equal in value to a saving of labour, of two thousand days in the year. It is evident, then, that by investing this capital in the canal, a permanent annual loss is sustained equal to one thousand days' labour. In the progress of population and national opulence, indeed, circumstances may so change as, in the course of time, to render profitable a navigation, which at its commencement might be unprofitable. When the commodious buildings and the machines of increased power which have been spoken of have been constructed, and fresh capital again begins to accumulate, it may perhaps be desirable to undertake the work. But if undertaken before then, we should forego the advantage of the greater produce of the capital which might be obtained in the interim in more profitable ways.

The money necessary for such a work, when undertaken at the public expense, must either be drawn from the people in taxes, or taken up at interest by the government on credit. There is a distinction in these two cases which may be noticed. When taxes are imposed on the people, and the money thus raised is expended in a productive way, as capital, every person who pays contributes to a creation of public property. Those who would, without the compulsion, have saved from their revenue to add to their capital, are prevented, while paying the tax, from adding so much as they otherwise would do to their private fortune; and there is merely a diversion of the money from a state of private to a state of public capital. But those who would not have saved from their revenue, but spent all within their reach, and who form by far the greater number, thus, involuntarily contribute to the public capital, and to their future welfare; which under other circumstances they would not have done. The result of this forced providence may, perhaps, be an ultimate benefit equal, or nearly so, to that which the gratification arising from the present expenditure of the money as revenue would have yielded; though had the money, after having been thus forcibly accumulated, been expended with greater judgment in some other way, the future benefit to be expected would be greater. In the case of borrowing money to con-

struct the canal, the public loss consists in the annual payment of an excess of interest on the money above the profits yielded by the canal. In the case of raising the money by taxes on the people, the loss to those who were accumulating capital consists in that, as public capital, from its injudicious application, it affords a less return than it would have done as private capital, under better management in their own hands; to which we may add, the expenses and evils attending the collection of taxes. To those who, under other circumstances, would not have accumulated capital at all, the ultimate loss may perhaps be problematical; though the benefit might have been made greater, without a greater sacrifice.

Adam Smith remarks that, "As by means of water-carriage, a more extensive market is opened to every sort of industry than what land-carriage alone can afford it; so it is upon the sea-coast, and along the banks of navigable rivers, that industry of every kind naturally begins to subdivide and improve itself; and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country. The inland parts can for a long time have no other market for the greater part of their goods, but the country which lies round about them. The extent of the market, therefore, must for a long time be in proportion to the riches and populousness of that country, and consequently their improvement must always be posterior to the improvement of that country.

"The nations that, according to the best authenticated history, appear to have been first civilized, were those that dwelt round the coast of the Mediterranean sea. That sea, having no tides, was by the smoothness of its surface, as well as by the multitude of its islands, and the proximity of its neighbouring shores, extremely favourable to the infant navigation of the world; when, from their ignorance of the compass, men were afraid to quit the view of the coast, and from the imperfection of the art of ship-building, to abandon themselves to the boisterous waves of the ocean. Egypt seems to have been the first in which either agriculture or manufactures were cultivated and improved to any considerable degree. Upper Egypt extends itself nowhere above a few miles from the Nile;

and in Lower Egypt, that great river breaks itself into many different channels, which, with the assistance of a little art, seem to have afforded a communication by water-carriage, not only between all the great towns, but between all the considerable villages. The extent and easiness of this inland navigation was probably one of the principal causes of the early improvement of Egypt. The improvements in agriculture and manufactures seem likewise to have been of very great antiquity in the province of Bengal in the East Indies, and in some of the eastern provinces of China. In Bengal, the Ganges, and several other great rivers, form a great number of navigable rivers, in the same manner as the Nile does in Egypt. In the eastern provinces of China, too, several great rivers form, by their different branches, a multitude of canals, and, by communicating with one another, afford an inland navigation much more extensive than that either of the Nile or the Ganges. It is remarkable, that neither the ancient Egyptians, nor the Indians, nor the Chinese, encouraged foreign commerce, but seem all to have derived their great opulence from this inland navigation.

"All the inland parts of Africa, and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas, the ancient Scythia, the modern Tartary and Siberia, seem, in all ages of the world, to have been in the same barbarous and uncivilized state in which we find them at present. The sea of Tartary is the frozen ocean, which admits of no navigation; and though some of the greatest rivers in the world run through that country, they are at too great a distance from one another to carry commerce and communication through the greater part of it. There are in Africa none of those great inlets, such as the Baltic and Adriatic seas, the Mediterranean and Euxine, and the gulfs of Arabia, Persia, India, Bengal, and Siam, to carry maritime commerce into the interior parts of that great continent; and the great rivers of Africa are at too great a distance from one another to give occasion to any considerable inland navigation."*

* Wealth of Nations.

SECTION II.

On the Colonial Trade.

THE colonial trade, like every other branch of mercantile industry, accompanies, and is essential to the existence of, a complete division of employments; and by effecting such division it contributes to augment the quantity and variety, and to heighten the quality, of the productions of nature and art which industry procures, as well as to distribute them in a manner better adapted to our wants. The people of England are in want of sugar, coffee, cotton, and other tropical productions. But neither our soil nor climate is congenial to tropical plants; and were we to force their cultivation here, we could expect only a very scanty supply of their fruits, of very inferior quality, and obtained at an enormous expense. Let, however, a tropical country be taken possession of, and the capital and industry of England be transplanted to that country, and they will raise a much better and cheaper supply of all tropical productions than could be effected at home. The colonist too, who is in want of clothing, hardware, and other manufactures of England, finds it his interest to attend solely to the cultivation of his plantation, and exchange its surplus produce against these manufactures. Hence, between the mother country and the colony a distinct direction of industry is found mutually beneficial, and by co-operating with nature, each availing herself of the peculiar advantages belonging to her, and exchanging her productions one against the other, a better and cheaper supply of the productions of each is procured than could be obtained in any other way.

The colonial resembles the home trade in the security and permanence which it possesses. In trading with an independent state, the beneficial divisions of employment that are thus established are liable to be suspended by hostilities, or by those restrictions and prohibitions, and the imposition of those duties, which commercial rivalry, caprice, hostility of feeling, or an unsound policy, is perpetually suggesting. But in the commercial intercourse of Great Britain with her colonies, under the protection of a commanding marine, nothing short of a dismem-

berment of the empire can suspend that intercourse, or interrupt those beneficial divisions of employment, by which both are enabled to make the most of the natural peculiarities of soil and climate, and of all their acquired advantages in the application of labour. It is true, the same commercial intercourse as at present might be carried on with the colonies were they severed from the mother country, and ereeted into independent states. But the probability in such case is, that the same free intercourse, or reciprocity of duties, which can now be commanded from the colonies, would not continue. This advantage, however, has its limits, and may be bought too dear. "It has been calculated, (with what correctness it is not easy to determine,) that the British colonies, since the beginning of this century, have put the mother country to an expense in the cost of their establishments, and of the wars entered upon for their protection, exceeding the entire amount of her exports to them during the same time. Were the trade as valuable as its most zealous advocates pretend, it would be dearly purchased at the tithe of this cost." *

The commercial intercourse between Great Britain and her colonies is subjected to restrictions, which have for their object to procure for the merchants and manufacturers of the mother country a monopoly of the supply of the colonial market, with a great variety of articles of domestic manufacture, by shutting out from that market the competition of foreign merchants and goods of like kinds. This policy is not peculiar to England, but is the practice in a greater or less degree of nearly all the other European nations possessing colonies.

It is a question of considerable interest and importance, What are the effects of this system of colonial policy; and is the welfare either of the mother country or of the colonies promoted thereby? It will be shown that this system of restrictions is injurious to both.

By the prohibitions and duties imposed on the colonial trade, which secure to the productions of the mother country a monopoly of the colonial market, we oblige the planters to purchase only from us certain articles which they require; whether or

* Mr. Scrope, p. 375.

not they can be purchased here as cheaply and good as they might be obtained elsewhere. If these articles are to be purchased in this country equally good and cheap as in other countries, the restrictive system is a nullity, and no change in the course of trade would take place if it were removed. But, on the other hand, if we cannot supply certain articles so cheaply as other countries, and the colonists, nevertheless, are compelled to purchase them of us, the loss to them is evident.

If the case either of a mother country or her colony be considered by itself and separately from the other, it is unquestionably the interest of both to buy the respective articles which they require in the best and cheapest market, and to sell what they have to dispose of in the dearest. And, when either of them is prevented from so doing, she must suffer a loss equal to the addition to the price or the inferiority of the article purchased, and the lower price at which she is compelled to sell. However, although when the interests of each are taken separately, the freedom to buy and sell where it can be done to the most advantage is evidently beneficial to both, it is not quite so plain that a like freedom must be equally beneficial when the interests of the two are taken together. It is possible that the loss sustained by one, through the want of this freedom, may be to the advantage of the other. In such case, if the advantage and loss be equal, the joint interest would neither be injured nor advanced thereby; but if the advantage be greater than the injury, the joint interest would be promoted, although at the expense of the separate interest of one; while, on the other hand, if the advantage be less, the joint interest as well as the separate interest must suffer.

Let us suppose that the colonists are compelled through the restrictive system to purchase British linens, when, from Germany, under a free trade, linens might be procured at ten *per cent.* less cost. In such case, it is plain, the loss to the colonies is equal to ten *per cent.* on the amount of their expenditure for linens. But that no greater gain can accrue to the mother country, from thus supplying the colonies with a dear article, beyond what it would get without having that supply, will be found on examination to be the fact.

The reason why British linens are sent out to the colonies is, doubtless, because the merchant obtains such prices for them in that market, through the protection of the restrictive system, as yield him a profit equal or superior to what he could obtain on any other goods. Were there any other article to be purchased at home which would yield a better profit on its export to the colonies, this article would be preferred, and home-made linens would not be sent. The merchant, after having sold his linens, purchases colonial produce with the money, and thus procures this produce to as much advantage with home-made linens, as with any other commodity. But whether, on the whole, the mother country procures, in this way, the produce of its colonies with a less or a greater sacrifice of her labour and capital than she otherwise might do, must depend on the rate of profits to the manufacturers, and the rate of wages to the workmen, engaged in the linen trade, in comparison with the profits and wages in other branches of industry, the products of which the merchant might export with equal profit, if the linen trade were given up,—either directly to Germany for the purchase of her linens to be afterwards sent out to the colonies, or indirectly to some other place for the purchase of some other articles which the Germans might be willing to accept in payment of linens in preference to British goods.

If the supply of British linens in the colonies were in the hands of a company of merchants possessing a monopoly of that supply, to the exclusion of other merchants; or, if a combination could be entered into and maintained amongst the merchants; in either of such cases, this supply might be so regulated and scanted as to afford higher profits than an open competition allows. But without this, the planters will always be able to buy linens in England on the same terms as other people; that is, at their natural and ordinary prices; and consequently, no extraordinary profits can be obtained upon them by serving the planters more than by serving other people. It may happen, however, that, from adventitious circumstances, or from competition not being so active in the linen trade as in trades in general, that the rate of profits and of wages to the persons engaged in this business may be higher than in other trades.

In such case, these persons procure better wages and profits through the market secured to them by the restrictive system, than they could do under an open trade, by turning their industry to those other less lucrative employments, by means of which German linens might be purchased. They thus enrich themselves at the expense of the colonists, and, in some small degree, at the expense of the people of the mother country at large; since the dearness of linen in the colonies causes, in a slight degree, a dearness of colonial produce at home. But, on the other hand, if wages and profits, or either of them, are less in the linen trade than in these other trades, then is colonial produce procured by the mother country at a greater sacrifice of her labour and capital than is necessary; and the manufacturers and weavers, by a continuance in this trade, are continued poor, not merely to their own injury, but to that of everybody else, both in the colonies and at home; through the dearness of the linen they supply. It is probable, however, that, through the competition of trade, wages and profits in the linen manufacture are about the same as in other manufactures; and, in this case, whilst the colonies are impoverished by giving a greater quantity of their produce for the linens they require, the mother country gets nothing by the monopoly, but the having to pay a somewhat higher price for that produce than she need to do; and which a more liberal system and a more natural direction of her industry would prevent.

The fact that the monopoly of the colonial market is of no benefit to the people of Great Britain is so important, and yet so seldom understood, that it may not be improper to extend in some degree our observations on the point; and notice the effects which would follow from throwing open the colonial market to foreign competition.

Let us suppose that the planters would then go to the continent for many articles with which we now supply them. Amongst other countries, they would perhaps go to Germany for linen. In such case, we should lose them as customers for linen; and some of our linen manufacturers would be obliged to seek for another occupation. Their ability to work remains, together with the greater part of their capital, and is applicable

to the production of commodities of other kinds. If they can acquire the skill to produce other kinds of goods, there will be no want of work for them; nor will their wages or profits be diminished. One country cannot obtain the productions of another country without giving their value in exchange. As long as we continue to consume sugar we must pay for it, since the planters will not give it us for nothing; and as much value as we import, so much value must we export. We must export either the productions of our own industry, or money, or foreign goods which have been purchased with those productions: we have nothing else wherewith to pay; and consequently, wherever we buy of other countries, a demand is necessarily created for home productions to make the payment, either in a direct or circuitous course of traffic.

Now, we are in want of colonial produce; but, by throwing open the trade, have lost a sale for some of our home productions in the colonial market which used to pay for that produce; and the question is, how to obtain an advantageous vent for our goods in some other market abroad, equal to that which has been lost, so that British industry, in the payment for colonial produce, may not be disadvantageously circumstanced; but may obtain that produce with the least sacrifice. Doubtless, this must be done by applying our industry to the production of those articles in which we excel other nations, or for which we obtain the best wages and profits. Since the Germans manufacture linen cheaper than we, one of two things is plain, either that they possess some advantage over us in this manufacture, or that their wages or profits are lower than ours. In either case, our industry is misapplied in running a ruinous competition with them in this manufacture. If they possess natural circumstances of advantage or acquired skill which we have not and cannot obtain, it is in vain to contend with them. If, again, their wages or profits are inferior to ours, though it might not be equally difficult, it would be still more absurd to attempt or wish to compete with them. Let the Germans keep the poor manufacture to themselves, they are welcome to do so. Better were it for us to abandon it entirely, and buy of them all our linen. There are some things in which we have an advan-

tage over them, and there are some articles which we can manufacture cheaper than other nations; notwithstanding that wages and profits in those branches are good. A day's work at one of these manufactures will produce goods which will exchange for more linen in Germany than could be made in this country in a day; and this quantity of German linen will purchase from the planter a greater quantity of sugar than could have been obtained by exchanging home-made linen for it, obtained at an equal cost. The higher the wages and profits in any occupation, the more advantageous it must be to enlarge the foreign demand for its goods. Now, if the exportation of the goods of the poor manufacture be put a stop to, an enlarged foreign demand must be created for other articles, in order to meet the payment for the goods imported, and doubtless amongst these other articles will be found many for which ample wages and profits are obtained.

If colonial produce cannot be procured by the offer of anything but money, and money, consequently, is sent in payment, this transfer of the precious metals, by raising their value at home and lowering it in the colonies, has the effect of lowering the prices of all goods at home, and of raising the prices of all goods in the colonies. By such change of prices, goods may be exported to the colonies with a profit, which could not have been gained before; and notwithstanding that home commodities will not be accepted in their market, foreign commodities of some kind or other will, and thus a demand is created for them. But the demand of any country for gold and silver must be only a temporary demand, and of very limited amount. After this has been supplied, the demand will change for goods. That a country like England should ever be under the necessity of exporting bullion for any continuance to pay for foreign productions is not probable. Our country is differently circumstanced from those poor nations which, while they are in the greatest want of foreign productions, have nothing of their own wherewith to pay, or have only what is not sufficiently acceptable to other nations to induce them to take it in return. In the amazing variety and unrivalled excellence of the products of British skill and industry, some article will always be found acceptable to foreign

nations in quantities sufficient to pay for any amount of foreign productions which the home consumers can in reason require, or which foreign producers have in their power to give. Experience proves that British industry, in recent times, has been equal, not only to pay for all the foreign articles consumed at home, but to furnish means of defraying enormous expenses of continental military operations, and extended naval warfare, of advancing subsidies and loans to foreign powers to an almost incalculable amount, as well as of transferring capital for foreign investment,* and revenue for absentee expenditure. All these have been paid, either directly in the products of British industry acceptable to foreign nations, or indirectly with money or foreign goods which these products had previously purchased abroad; and this, without having obtained one single foreign article in return. It is, in fact, the variety and excellence of British productions which have caused a demand for them in foreign countries beyond the ability of those countries to pay for them in productions of their own of sufficient goodness to occasion a demand for them in the British market, coupled with our heavy duties on their importation, that have already, by causing a forced influx of money, and consequent depreciation in its value, been one cause of the high prices in this country.

The effect of shutting out foreign competition in the colonial market is, to increase the colonial demand for British products. But it is not certain that as much as the colonial demand is thus increased, some foreign demand is not diminished. Our monopoly of the colonial market causes a great exportation of goods; tends to keep up continually a large payment to us; and, in conjunction with our duties and prohibitions on the productions of foreign states, leads to a large influx and accumulation of money at home. The nature of money, however, is such that it cannot be increased in any country without its falling in value. This fall in the value of money must occasion

* Within four years, from 1821 to 1825, the amount of the several foreign loans contracted for in this country amounted to £48,994,571; and if taken on the average of £75 for £100 stock, the amount would be equivalent to £36,000,000.

an advance in the prices of home productions, and must enable us to charge foreigners high prices for our goods. But this apparent advantage which we gain, although it may be a loss to the foreigner, confers no benefit upon ourselves; because, being unable to bring back goods, and obliged to bring money, the moment the money arrives at home it suffers a depreciation in value. Now as much as money loses in value, so much it loses in every useful property it possesses, and in every service which it can render us. It is different with goods. A pair of shoes worth ten shillings in England, if taken to France would not be worth more than seven shillings; but they would be as good in the wear and last as long in France as in England: their utility is independent of their value. The benefit which commerce confers is the procuring useful articles which we require, and not of money when we have enough of that already. Since then high money prices do not realize high profits, through a depreciation in the value of the money when brought home, we are debarred of the benefit which a return in foreign goods would have afforded, had the trade been free and allowed of their return instead.

If our high money prices are to the disadvantage of the foreign purchasers, their dealings with us will be curtailed, and the larger benefit we might have gained through lower prices be lost. Now the prosperity of neighbouring nations is to our advantage, as far as commercial intercourse with them is concerned. High prices and an extensive sale are usually incompatible with each other. We must either be content with high prices on a small amount, or with moderate prices on a larger amount. Is it better then to exchange on a large scale those productions in which each country peculiarly excels; or, because one of the parties sustains a loss on the transaction, that the business should be nearly put a stop to? In private life, we generally find those men most successful in business who charge moderate profits. These induce an extensive sale; and an extensive sale with moderate profits tells better in the end than high profits on a small return: it is the same with the intercourse of nations.

But to return to our supposition. We suppose that having

lost the exclusive supply of the colonies with linen, at first nothing but money must be given in payment for colonial produce, and that the consequent exportation of the precious metals has caused such a change of prices as to render the exportation of certain goods profitable which was not so before. It is immaterial to the merchant what articles he exports, or to what country he makes his consignment: his profit is all that he looks to. It is immaterial, likewise, to the public what goods he sends, or to what country. Wherever they go, they cause the exports of the country to equal its imports; and the balance between the different countries is adjusted by the exchange brokers. The Germans usually manufacture a larger quantity of linen than is sufficient for their own consumption, which they at present export in payment of goods purchased in other countries. If our colonists should purchase this linen, in preference to Scotch or Irish linens, on account of its cheapness, they cannot expect to pay for it with nothing but sugar. The Germans have not been in the habit of exchanging all this linen for sugar; but for other articles: they have procured sugar in some other way, and are not in want of much more. But the English are in want of sugar; and the planter has it to sell. The course then for the English to take is plain.—Not being able to procure sugar with British linen as heretofore, they must betake themselves to the production of those goods which the change of prices has enabled the merchant to export with profit either as new articles of consignment or old ones to a larger extent. The increased demand in these articles will probably not be such as can be sent to the colonies. The planters, when they have procured the required quantity of linen from Germany, have completed their accustomed purchases: it were useless to offer them a further supply. But the Germans, having parted with their linen in a different channel to what they have been accustomed, as well as perhaps in larger quantities than usual, and not desiring sugar in return, must be in want of something to repay themselves. It is in this direction then that the new demand may be expected to arise; and the English may betake themselves to the production of some article which either the Germans are in want of, or which may purchase some foreign article

that they will be willing to purchase. In this way the surplus quantity of German linen may be procured, to be afterwards sent to the colonies in payment of the sugar required for the English market.

But in whatever circuitous course the ultimate payment of the sugar may be effected, so long as its importation continues the same, the exportation of home goods of some kind or other cannot fall off; though the channels, and the articles, may be different. As therefore the demand for commodities in general for exportation would not be lessened by the loss of the supply of linen in the colonial market, the profits and wages of the persons formerly engaged in the linen manufacture could not be reduced. We suppose that they get the average rate of wages and profits: they would get the same still: the only injury they can sustain is in changing from one employment to another.

While it is obvious that, through the competition of trade, the manufacturers of British linens do not procure higher wages and profits from their monopoly of the supply of the colonial market, than they would do if engaged in any other business; it is equally obvious, that upon the whole products of British industry there are not any greater profits obtained on exportation, through the monopoly which the country possesses of the colonial market, than would be procured if no such monopoly existed. An increase in the products created by industry is only to be obtained by directing it into more advantageous or more prolific channels, and by those means by which it is stimulated to exertion and its effective powers augmented. An advantage in the exchange of these products for foreign products, so as to yield high profits from the exchange, can only be procured by diminishing the supply, and instituting an exclusive company with a monopoly to regulate the sale. There is no alternative, if we would gain an advantage over our neighbours in the bargain, but to contract the supply. But, since high profits and an extensive sale are inconsistent with each other, it may be thought more desirable to promote an extensive sale, for the purpose of creating employment, though moderate profits only should thereby be gained. To attempt, however, by legislative measures to force a sale of home products in foreign

markets, beyond what would of itself take place, must inevitably lead to a ruinous depreciation in their value, and so far from promoting the prosperity of the country, could tend to nothing but its impoverishment. To invest in trade and afford the fullest occupation to all the capital and labour which a nation possesses, must evidently be more to its advantage than to restrict their amount; and it will be found to be more lucrative in the long run to make smaller profits on a larger trade, than larger profits on a smaller trade.

To endeavour or wish to engross the supply of a colonial or foreign market to an unlimited extent would be absurd. There are certain goods which foreigners can furnish cheaper than we can produce them ourselves; and, in consequence, it is our interest to procure our supply of such goods from abroad, rather than produce them at a greater cost at home. However, there is but a certain number of these kinds of articles, and there is but a certain quantity of them that we require; and for all that we take, an equivalent must be given. Now, if we supply the foreign market with home productions to the extent of this equivalent, it is sufficient. To engross the supply beyond this, would be, not merely useless, but pernicious. Suppose that by thus engrossing the foreign market we sell to a greater extent than this equivalent. In such case, we must take something in return, since we cannot part with our goods for nothing. But, by the supposition, we have already procured a sufficient quantity of all those foreign commodities that are to be had cheaper abroad than can be produced at home. It remains then, that we either overburthen ourselves with these cheap goods, or take other articles which might be produced as cheaply at home. It is plain, that no advantage could accrue in this way; and that a loss would be sustained, at least equal to the conveyance of the goods. But when the point is reached at which the traffic with a distant country does not yield superior advantages to what might be acquired by directing domestic industry to the production of like articles to those which this traffic furnishes, there are then really disadvantages connected with it. The foreign trade is less under the inspection and control of the

traders, and therefore exposed to greater hazard. The returns are longer before they come in. The intercourse is subject to interruption from war; the inclemency of seasons and hazards of communication; the vicissitudes arising from foreign municipal regulation; and the prosperity or decline of rival manufactures. The home trade, on the contrary, is safer, quicker in its returns, more steady in demand, and the municipal regulations which affect it are made by a government that has an interest in their not pressing injuriously on the trade, which observes their effects, and has the means of remedying the inconveniences they may occasion. Again, the colonial has not so strong a claim on the favour of the mother country as her native industry, inasmuch as the hold on colonial possessions, and the security from an interruption of their mutual intercourse, are less than in the case of the home trade.

When we compel the planters to send us all their produce, and to take back nothing but British goods; and when this produce, being more than sufficient for our own consumption, must be exported to other parts of Europe, whence we get nothing but European productions in return, which perhaps we already produce, or could as well produce ourselves; what is this, but maintaining our own people upon the productions of continental Europe, and maintaining the colonists upon the productions of the British islands, when we might just as well supply ourselves at home, and let the colonists reap the advantage of supplying themselves where they best can; instead of through a circuitous, tedious, and expensive channel?

From these considerations we conclude, that the monopoly of the supply of the colonial markets which our merchants and manufacturers possess, does not enable them to obtain more than the customary profits and wages, and does not enable the nation at large to procure a greater quantity of colonial products in exchange for the products of domestic industry, than we should acquire without that monopoly; while, by forcing certain branches of this trade to an unnatural and injurious extent, and by the improper direction given to domestic industry, through such monopoly, its products must be inferior in quan-

tity and quality, and consequently both ourselves and the colonies be impoverished by the monopoly.*

It is only under the protection of the restrictive system that many articles now manufactured for the colonial market can continue to be manufactured for that market, the vent for which must be lost should the trade be thrown open. The change of industry which must follow from such opening cannot but be attended with serious loss to the parties. The buildings and machinery, if not rendered wholly useless, must be much diminished in value; the skill, the connexion in business, to the acquisition of which many years may have been devoted, must be thrown away, and a man have to start in business afresh. The sooner, however, the change takes place, the better must it be for the general interest. But since industry has been diverted into its present unnatural channels by legislative interference, (intended, indeed, to promote the public interest,) when an abandonment of this interference, for the purpose of promoting such interest, shall occasion the necessity for a return into its natural channels, the public, who are to gain thereby, should bear as much as possible the loss thus brought on individuals.

While the restrictions on the trade with the colonies, which give us the exclusive supply of that market, do not increase the wealth of the mother country, we might, perhaps, conclude, on the same principles, that the protecting duties which give to colonial produce an advantage in the supply of the British market, do not increase the wealth of the colonies. But there is a distinc-

* The Select Committee appointed in 1832, on the Commercial State of the West India Colonies, in their Report state: "The commercial restrictions impose an annual charge on the West India colonies of £1,392,353. This sum being apportioned to the several articles of West India produce, the charge upon sugar is £1,101,000; and as the sugar imported is 3,972,387 cwts., the burthen upon each cwt. by this mode of calculation is 5*s.* 6 ¼*d.* If this statement be correct, the removal of the commercial restrictions would occasion a deduction of 5*s.* 6 ¼*d.* from the sum of 24*s.* 2*d.* alleged as the cost of bringing to market a cwt. of sugar: 18*s.* 7 ¼*d.* would thus be the sum to be set against the assumed price of 23*s.* 8*d.*, leaving a balance of 5*s.* 0 ¼*d.* in favour of the planter, instead of 6*d.* against him."

tion in the two cases which is worthy of notice. The monopoly of the colonial market that we possess, is a monopoly of the supply of *wrought goods;* while the advantage which the colonist possesses, is an advantage in the supply of *raw produce.* And hence, while the general injury occasioned to the empire at large is the same from both these parts of the restrictive system, there is, however, from the advantage given to the colonist in the sale of his produce in the home market, one class which derives benefit; that is, the *proprietors* of the plantations. So far as the characters of proprietor and cultivator are combined in the same person, the cultivators must be benefited, but the advantage which accrues is in quality of *proprietor* of the soil, and not in that of its cultivator.

In the working up of raw material into wrought goods, we are not checked by a want of land whereon to raise that material, while means exist of procuring it from foreign countries. The British manufacturer, therefore, gets no greater profit in supplying the colonial market, than he would do if engaged in other employments; because, the trade being entirely open to other British manufacturers, their competition prevents him. It is otherwise in the supply of raw produce. In the British plantations, there is but a limited quantity of land sufficiently good for the profitable cultivation of the sugar cane; and if the produce of this land is insufficient for the supply of our market, its price must rise until, under such rise, lands of inferior quality may be planted without loss, or a heightened cultivation forced at a greater cost on those lands already planted. In either case, as the capital employed in raising the additional quantity required, must yield a lower rate of return in produce than that previously employed, the profits of cultivating the better plantations to the previous extent must have risen, and the rent of those plantations accordingly must advance. By this forced cultivation, the rate of profits of the capital is not raised, because the open competition of other planters taking inferior land prevents it; and because, though the price is higher, the produce which that capital raises is in a diminished proportion in comparison with the produce yielded to the capital before employed. Hence, while England imposed a higher duty upon

the sugars of the East Indies,* in order to protect the West India planters, she caused a part of the sugar we consumed to be raised with greater labour and expense, raised the price of the whole supply, and advanced the rents of the proprietors of the more fertile plantations. But in thus inducing the colonists to plant their poor soils, and force the cultivation of their other plantations, she made a voluntary sacrifice of her own labour and money, through the heightened price of sugar, impoverishing her people thereby, and cramping their industry, while she scanted them in their supply of this most useful article. Such were the first results of these unequal duties. But beyond these, there was a re-action, which, though materially lessened in its force, was not, however, undeserving of notice. In cramping British industry, through the impoverishment of the people, the quantity and excellence of the productions of that industry placed within the reach of the colonists must have been diminished. When a larger portion of the labour of the colonists must be given to purchase clothing and other articles from England, a less portion must remain for their subsistence, the cultivation of their plantations must be carried on under less advantageous circumstances than would otherwise exist, and must be restricted to lands of better quality than might otherwise be planted. Thus the dearness of sugar, caused in the first instance by the protecting duties, had a tendency in some degree to check the subsequent acquisition by the planters of increased facilities to cultivation, and thus in return to cause a scarceness and dearness of colonial produce, preventing the extension of cultivation in the colonies; at least that natural cultivation which under better circumstances would take place, with beneficial results to all parties.

Not less injurious are the unequal duties on the importation of foreign timber. By the heavy duty on that from Norway, imposed with a view of forcing the use of Canadian timber, the interests of England are sacrificed, in order to promote those of Canada; and the means of the country reduced by the difference between the price we are forced to pay for American timber, and the price for which we might obtain a better article from the north of Europe. By these duties, the people of Canada

* These duties were equalized in 1836.

are enabled to put off a dear and bad article, and thus, to cheat us, as it were, out of our goods. The administration which imposed such duties must surely have conceived it to be for the benefit of the country, at any rate, *to get rid* of its goods, without looking to the article procured in exchange. Such views of state policy, if acted on in private life, would be denounced as the most consummate folly; yet in public measures they have passed for wisdom. If an improvement might be suggested in the application of such policy, it would be to adopt a shorter course, and throw the goods overboard, without carrying them all the way to Canada. Timber forms one of the ingredients of capital; and with perhaps the single exception of iron, is the most serviceable article in aiding human labour. It enters more or less into almost every portion of stock of a permanent character. Now, increasing the difficulty of obtaining the ingredients of capital, is the same thing as occasioning a scarcity of capital. Its exchangeable value, or the sacrifice we must make in order to obtain it, is, indeed, increased; but then the diminution of its quantity lessens the whole produce it yields through all the departments of industry. These duties have been modified within a few years; and Canadian timber, which was before free, is now subjected to a duty of ten shillings per load; while the duty on Baltic timber has been reduced ten shillings, and is now fifty-five shillings per load. The principle, however, remains the same; it is the principle against which the argument turns. A little consideration would, perhaps, convince us that the advantages to Canada from the inequality in these duties, so dearly purchased by the people of England, are next to nothing at all. But whatever they may be, the loss to us is incalculably more than the people of Canada can gain. The inferior quality of the timber is of more serious importance than the dearness of its original price. The lower price at which it may be bought induces builders to introduce it into all houses built for sale. But a house which ought to last a century, may be expected, when built with this timber, to last not longer than half that time. However the present generation may applaud these duties, the next will have ample reasons to do otherwise. Another effect of thus forcing the importation

of Canadian timber is, to lower the freight of all goods sent out to America, and thus to cheapen our goods to the people of that country. It also promotes emigration by reducing the fares to passengers.

The restrictions on the colonial trade which cause the mother country to be the mart, or *entrepôt*, of the commercial intercourse between the colonies and foreign countries, while they are a positive loss to the colonies, do not, generally speaking, benefit the mother country; but only a few individuals in it. If we suppose that the British colonies consume a quantity of Russian linens, while Russia, in return, takes a quantity of their sugars, then it is the interest, both of the colonies and of Russia, to have these goods conveyed by the shortest course; exchanged in the quickest time, and with the smallest expense. But England restricts her colonies from holding a direct commerce with foreign countries; and, in consequence, the sugars and the linens must be first consigned to London, and thence reshipped for their final destination. Thus the London merchants to whom the consignments are made, and by whom the reshipments are effected, charge their commission upon these transactions; and this commission is a profit acquired by England at the expense of the Russian and colonial consumers, by means of the restrictive system.

But this commission obtained by the London merchants is not altogether a clear addition to the wealth of England, beyond what would have been acquired in other ways, had the trade been free. The capital by means of which this circuitous traffic is carried on, consists, first and mainly, of the goods which are transported; and, secondly, of the vessels, docks, wharfs, and warehouses, by which their transport is effected. If this capital belonged chiefly to the colonies, and they were permitted to hold a direct traffic with Russia, the exchange of the sugar for the linen would be effected in a shorter time, and the capital, the return of which is now delayed in a circuitous course of trade, would be more quickly returned to the work of reproduction; would, consequently, assist in raising a greater quantity of sugars; would thus cheapen their price, and benefit generally the consumers. If the capital employed in the trade

belong chiefly to British merchants, which is most probably the case, we suppose that, through the competition of trade, they get no higher profits than are obtained in other branches of mercantile business; and that if this circuitous commerce were given up, they would get the same, or nearly the same, profits in some other employment. However, as the colonial trade is large, and the capital which might be thus disengaged from it would, perhaps, be considerable, one effect would be to diminish in a degree the sources of profitable employment for capital; to render it more abundant in proportion to the want of it, and reduce the rate of the return on the whole amount of capital in the country. This diminution of the profits of capital, without an increase in its amount, must lower in a degree the circumstances of the capitalist, while it would benefit all other classes. There would be more capital available for direct production at home in agriculture, or manufactures; cultivation would be extended and heightened; manufacturing industry would be carried on to greater advantage; and the increased quantity of home productions thus created would serve to purchase the same, or nearly the same, quantity of sugar as was before procurable by means of the profits on the capital employed in carrying on the circuitous commerce between Russia and the colonies. Since the abundance of productive capital at home must diminish the rate of its return, we may suppose that, at first, the increased quantity of British goods created by the capital set free from the colonial trade, would purchase a somewhat smaller quantity of sugar than its profit in that trade previously purchased. But the ultimate effect of the greater abundance and cheapness of goods at home must be to increase the quantity and reduce the price of sugar. For the expense of growing sugar consists partly in the sum which is paid for the clothing and other things required on the plantations which are had from England; partly, likewise, in the sum which is paid for Russian linens. If the price of these is lowered, the price of sugar will fall; and, ultimately, we may conclude that England would get as much sugar as before, and no loss be sustained by her whatever; whilst a clear gain must accrue, both to the colonies and to Russia, from the quicker and less expensive

conveyance of goods from one of these countries to the other. A quantity of capital thus set free from a useless occupation, and employed in direct production, cannot but be beneficial to some one. That it should be ultimately injurious to England seems highly improbable: the more reasonable conclusion to be deduced from an increased quantity of goods at home, and a reduction in the price of sugar, is, that it must benefit the country generally.

Different however would be the result, of thus shortening the course of trade between the colonies and Russia, to the owners of the docks, wharfs, and warehouses in the port of London. The sugar consumed in Russia, and the linen consumed in the colonies, would disappear altogether from this country, and the dock and warehouse charges now paid here by the Russian and colonial consumers would be lost to the proprietors. The great revenue derived from these docks and warehouses is caused chiefly by the peculiarity of their situation, which enables the proprietors to demand a monopoly price for their use. When they should be no longer so much in request, the advantages of this monopoly would be diminished, and though the buildings and works would remain, and might perhaps be employed in some other way, they could not be expected to yield so large a profit.

The possession of colonies opens a wide source of employment and enterprise in the cultivation of their soils, and the trade with them an ample field for the capital and labour of the mother country. It is one, too, which is secure from injury from the measures of state of other governments. In thus opening a wide and profitable opportunity of enterprise for a large portion of the national capital and labour, it increases the productiveness of industry, and raises the average rate of profits and wages at home. Without this field, the over-supplied state of domestic industry, the narrowly-limited extent of the national territories, and the poverty of the native soil, which must be cultivated to support an advancing population, would cause a falling off in the rate of wages and profits. No country was ever yet so favourably circumstanced in this respect as our own. The vast expansion which our extensive, fertile, diversified, and favourably situated

colonies permit to our capital and population, give the means of advancing our industry and opulence for unnumbered ages to come. Mr. Rush, the late minister of the United States in London, thus forcibly describes these advantages :—

" Britain exists all over the world in her colonies. They are portions of her territory more valuable than if joined to her island. The sense of distance is destroyed by her command of ships. Situated on every continent, lying in every latitude, these her out-dominions make her the centre of a trade already vast, and perpetually augmenting—a home trade, and a foreign trade, for it yields the riches of both, as she controls it at her will. They take off her redundant population, yet make her more populous ; and are destined, under the policy already commenced towards them, and which in time she will far more extensively pursue, to expand her empire, commercial, manufacturing, and maritime, to dimensions to which it would not be easy to affix limits." *

SECTION III.

On the Foreign Trade.

We have now to examine the peculiar and distinguishing nature and effects of foreign trade.

" The commerce of one country with another," to use the words of Mr. Mill, " is merely an extension of that division of labour by which so many benefits are conferred on the human race. As the same country is rendered richer by the trade of one province with another ; as its labour becomes thus infinitely more divided and more productive than it could otherwise have been ; and as the mutual interchange of all those commodities which one province has and another wants, multiplies the accommodations and comforts of the whole, and the country becomes thus in a wonderful degree more opulent and happy ; so the same beautiful train of consequences is observable in the world at large, that vast empire of which the different kingdoms may be regarded as the provinces. In this magnificent empire, one

* V. Mr. Scrope, p. 377.

province is favourable to the production of one species of produce, and another province to another. By their mutual intercourse, mankind are enabled to distribute their labour as best fits the genius of each particular country and people. The industry of the whole is thus rendered incomparably more productive; and every species of necessary, useful, and agreeable accommodation is obtained in much greater abundance, and with infinitely less expense."*

Foreign commerce contributes in a peculiar manner to that important requisite to the full development of the powers of industry—the enlargement of the market for its products.

By this enlargement of the market, the means are given not only of arranging a more minute and accurate division of employment amongst the people of the same country, but of bringing within its sphere the inhabitants of different countries, who are placed under widely different circumstances; thus establishing, at once, a more minute home division in each country, and an international division, which, from its magnitude, extent, and the variety of productions it brings within our reach, is even more beneficial in its consequences than the home division. In this way, foreign commerce gives the means of heightening all the advantages arising from the division of labour; allowing, not only individuals, but nations, to confine themselves almost exclusively to those branches of industry in which from situation, climate, or other circumstances, they possess some natural or acquired superiority, and to abandon those in which they labour under a relative inferiority.

"If the people of England have acquired greater skill than their neighbours in working up cotton, while those of France excel in manufacturing silk, then, between the two countries a mechanical division of employment, mutually beneficial, may be established. By England's confining herself to the fabricating of cottons, and France to the fabricating of silks, these articles of clothing may be produced in greater abundance, than if each country directed its labour and capital to the occupation more peculiar to the other. Again, while the mines and coal-pits of England give her peculiar facilities in procuring and

* Commerce Defended, p. 38.

working up tin and iron, and while the soil and climate of France give her peculiar advantages in producing wine and fruit, a territorial division of employment, mutually beneficial, may be established between the two countries: England, by working her mines, and exchanging her metals for the produce of the French vineyards, will obtain a much greater quantity of wine, than if she attempted to cultivate the grape at home, beneath an uncongenial sky; and France, by exchanging her wine for the hardware of England, will obtain a much more abundant supply of these articles, than if she attempted to work the metals for herself."*

Money, from its nature, is that commodity, if it may be so called, which is most generally bought and sold. When in any country it is cheap, other commodities are dear. Gold is cheap, when commodities will purchase a large quantity of it, or, which is the same thing, when a great quantity of it is required to purchase commodities, commodities then being dear; and *vice versa*. It is obvious, that those commodities alone can be exported, which are cheaper in the country from which they go, than in the country to which they are sent; and that those commodities alone can be imported, that are dearer in the country to which they come, than in the country from which they are sent. No goods can be exported from any country, unless they sell for more gold in the country to which they are consigned than they have cost, including the premium, if any, that must be paid for a bill of exchange; and no goods can be imported into any country, unless they sell there for more gold than they have cost in the country whence they are brought, including that premium, if any. When the value of gold, therefore, is low in England, it will be exported thence, on the principle that all commodities which are free to seek a market, go from the place where they are cheap, to the place where they are dear. But as, in the fact that gold is cheap, is implied the correlative and inseparable fact that other commodities at the same time are dear, it follows, that, when gold is exported, few other commodities can be exported, and that none whatever could be exported, if the value

* Col. Torrens on Production, p. 249.

of gold were so low as to raise the prices of all of them above their prices in other countries.

Hence, excepting particular commodities of which the prices in different countries are always so essentially different from each other that no fluctuations in the value of the precious metals ever exceed this difference, and which, consequently, at all times admit of being imported or exported, as the case may be, no general exportation of goods can take place from any country, unless the value of the precious metals in that country is high; and no general importation can take place, unless the value of these metals is low. The increase, therefore, in the quantity of the precious metals, which diminishes their value, gradually diminishes, and tends to destroy, the power of exporting other commodities; the diminution in the quantity of these metals, which increases their value, increases, by a similar process, the motive to export other commodities, and, of course, in a state of freedom, the quantity exported.

But however rich a country may be, its gold and silver money bears but a small proportion to the amount of goods bought on its account in foreign countries, and affords but a temporary and partial resource as an article of export in payment for them. Neither as an article of import does bullion serve to any great extent. Its uses are so limited, and the consumption of it so small, that it cannot be imported into any country for a continuance, and to any large amount, except for the purpose of exporting again. Whatever article at any time affords the best profit on its export or import, whether it be gold and silver or any particular kind of goods, will be the article chosen by the merchant as that in which his adventure will be made. By the operations of commerce, gold and silver are continually moved from country to country, in consequence of the changes in value in relation to goods in general which they undergo, and in consequence of the changes in value of other things in relation either to gold and silver or to goods in general; and by their diminution in one place and accumulation in another, their value in different places is subject to continual fluctuation, according to the scarcity or abundance in which they prevail in those places. Forming the standard by which the value of all other

things is estimated and compared, the money prices of all kinds of goods are subject to rise or fall in opposite and corresponding degree with the fall or rise in the value of the money by which they are estimated. The exportation of money from any country, which enhances its value in that country, and lowers it in the country to which it is sent, occasions a decline in the prices of goods in the market of the country whence it is taken, and an advance in their prices in the market of the country to which it is conveyed. Differences in the rate of exchange operate only to a limited extent, being confined within the expense of the transport of bullion; but a rise or fall in the prices of goods, occasioned by a different distribution and consequent change of value of the precious metals, operates to a much greater extent. When, thus, goods have become cheaper at home and dearer in certain foreign markets, the merchant is enabled to export and sell home goods in those markets with a profit, which could not have been done before.

The transactions of commerce usually consist of a purchase or sale of goods, and a payment in money or with a bill of exchange. If the state of the markets in England, and of the exchanges, be such, that foreign goods can be imported and sold with a profit, the British importer buys a foreign bill of exchange, which he sends abroad to make the purchase. On the other side, if British goods can be exported with a profit, the exporter who sends them receives a bill of exchange in payment. The bills are generally furnished by merchants or brokers who traffic in the exchanges. The money received by the broker at home for the bill which purchased the foreign goods, enables him to meet the demand for payment of the bill received for the British goods exported; while a similar payment and receipt take place to his correspondent abroad: thus the debts in each country are made over from the creditors in the other country to the creditors in its own, and without passing money from country to country, both the sellers obtain payment for their goods.

But if British goods cannot be exported with a profit, the importer of foreign goods will continue to import so long as it can be done to advantage, and will equally purchase a foreign

bill. The price of that bill, however, will be higher, from the knowledge which the broker possesses that there is no counter-bill in the market by which he can ultimately set off the transactions between the two countries against each other. Knowing that the gold or silver money which he receives for his bill must be exported to his correspondent abroad, to enable him to meet the demand that will be made upon him, he will charge in the price of the bill for all the expenses to be incurred, together with his usual profit.

When the premium for a bill in England becomes equal to the profit which can be obtained by importing the goods, the importation ceases; but as long as it is so much less as to leave a profit sufficient to satisfy the importer, foreign goods continue to be imported, bills to be bought, and money exported to meet them.

As the available quantity of gold and silver money in any country affords but a temporary and limited means of payment for foreign goods imported, which, if exceeded, causes an advance in the value of the money, preventing any long-continued exportation of it, and forcing, as it were, an exportation of goods in lieu of it, which would not otherwise take place, the ultimate payment for foreign goods must be through the production of domestic industry, and the importation, in any given time, can never much exceed that production. The power of exporting with advantage therefore is limited by the power of importing with advantage; and when the one stops, the other must very shortly stop also. But though in the *whole* foreign trade of a country with all other countries together, the quantity of goods exported must in the long run meet the demand for payment, yet the exports and imports with any particular country may differ widely from each other in value. In one country a favourable market may be found for the sale of goods; in another, for the purchase of goods. In this case, however, the deficiency of goods imported from the one is made up by an excess of goods exported to the other; the two making the balance even, and a circuitous adjustment of debts and credits is then made by cross bills of exchange. But a general deficiency of imports must inevitably lay an arrest on a further increase of exports.

When goods have been sold, it is seldom that the money is

retained long in hand. Most commonly it is laid out immediately in the purchase of other goods; and on this account, political economists are in the habit of speaking of such transactions as though they were a direct interchange against each other of the goods sold for the goods purchased. But as each transaction is independent of the other, and terminates with the purchase or sale, and its payment in money or with a bill of exchange, presenting a profit or loss as its result, it is unnecessary to look further, or inquire what is done with the goods or money they may have sold for. There are some countries with which the greater part of the commerce carried on consists in a sale or purchase on one side, and a money payment on the other, and in which no goods are returned. If a suitable profit be realized on such transactions, they are equally advantageous both to the immediate parties concerned, and to the respective countries to which they belong, with other transactions in which goods instead of money are given or received in exchange. Gold and silver are not essentially different from other commodities; and the foreign trade that can only be carried on with them, is not essentially different from any other foreign trade, but has all the advantages and inconveniences of any other. It is not, however, the profit to the merchant, nor again the revenue yielded to the public exchequer, which forms the chief benefit of foreign commerce. Competition amongst merchants will always prevent their profits exceeding a moderate *per centage* on the amount of the transactions. But the highest public gain consists in thereby procuring goods that could not be produced so cheaply at home, or perhaps not at all.

In every sale or purchase, the benefit contemplated by each of the parties, consists, in acquiring thereby an article in his estimation of greater value than the article which he gives for it. Or, in other words, in procuring, by the sacrifice of a certain quantity of his own labour or property, something which would take him more labour or capital to produce himself. And, when commerce is left entirely free, no transactions take place between different countries, except in the purchase of commodities that either could not be produced at all at home, or could not be produced there but at a greater expense; and

in the sale of commodities which are produced at a cheaper rate in the country selling them, than in the country making the purchase. The reason of these differences in price may be, either that the people of the country making the purchase are unskilled in the production of the particular commodity, or have not the facilities for its production which the other country has; or lastly, that wages, rent, or profits in that occupation in the country making the sale, are lower than those in the same occupation in the country making the purchase. Either of these causes may occasion a country to bring to market particular goods at a dearer or cheaper rate than other countries, and thus make it the interest of some countries to be purchasers, and others to be sellers, of such goods. If it were not for the advantage gained by producing more of those articles in which we excel than are required for our own use, and selling them, in order with the money to purchase such as we are inferior in, doubtless, each person would produce every article for himself, and commerce would have no existence.

In the commercial transactions between nations, in the same manner as between individuals, the things parted with may have cost more labour to produce than has been bestowed on the things which are purchased with the money they sell for, either in the country where they are sold or elsewhere. But the circumstance of more labour being given than is received, does not render it less the interest of the apparently losing party to carry on such transactions, when a profit in money is realized on the sale or purchase. The skill and efficiency of the industry of different individuals, and the general efficiency of the industry of different nations, are unequal; they are greater in some than in others, and the unskilled individual or nation must expect to give more of its own rude labour for less of others who are more skilful. Again, competition acts with greater or less force, and thus keeps down the emoluments in some occupations more than in others, and the unfortunate individuals thus hardly pressed must expect to be disadvantageously placed in the sale of the products they create. The whole question, however, is, not the quantity of labour *given* in relation to that *received*, but the quantity *saved*, by giving less

than would be required to be expended, if the party were to produce the article himself. If England, by the exportation of woollen cloth to Portugal, which required the labour of five hundred men for a year to produce, can purchase there with the money it sells for, as much wine as would have cost the labour of six hundred men to produce from her own soil, it will not be less her interest to continue such a traffic, which saves her the labour of one hundred men for a year, though it should happen that in Portugal the wine she has purchased with five hundred men's labour was really produced by the labour of only four hundred men during the same time. Notwithstanding that Portugal should save the labour of one hundred men, England would at the same time gain a like advantage; and the benefit to the two countries be mutual.

From what is now advanced, an interesting, but little noticed, consequence is made to appear:—That the commerce of Britain is not dependent on the precarious circumstance of the industry and ingenuity of her industrious population keeping a-head of the industry and ingenuity of other nations. How far or how long our countrymen may be able to keep the lead is matter of minor importance. The progress of the world at large is of higher, and even of more national interest, than the relative position which we ourselves may occupy in the march. It is consolatory, too, to reflect, that our commercial prosperity rests on a more stable foundation than it is usually conceived to do, and that the philanthropist, while he labours in the service of his species, and exults in the advancement of other nations as well as his own, may yet be true to his country, even though through his exertions the people of other countries should get the start of those of his own. To adopt the language of Hume, "Not only as a man, but as a British subject, I pray for the flourishing commerce of Germany, Spain, Italy, and even France itself. I am at least certain, that Great Britain, and all those nations, would flourish more, did their sovereigns and ministers adopt such enlarged and benevolent sentiments towards each other."*

But, as yet, we have no reason to apprehend that the people

* Hume's Essays.

of other countries will soon get the start of our own. Notwithstanding all the improvements which we have already effected in almost every branch of our industry, invention is not exhausted, but is still going on. It seems even to proceed at a more rapid pace than that at which other countries are able to follow. In the cotton manufacture it is said, that the machinery need not be made so strong as to last longer than seven years, for if it should not be worn out within that time, it must be expected to share the common fate of other improvements that were made before it, and which itself has superseded, of being laid aside for machinery of still further improved efficiency, which will be sure to be introduced ere that time arrives. Thus the superiority we have obtained over other countries is continually increasing rather than diminishing, and the fears which are entertained by some, that we shall be shortly left behind in the race of competition by other countries, are altogether groundless.

Not only is foreign trade dependent on home production, but it is limited by the *advantage* of exchanging home for foreign productions. A greater demand for our home productions in foreign markets could never lead to a greater exportation of them, except it were accompanied by a larger demand for foreign productions at home. And, on the other hand, a larger demand for foreign goods in the home market could not increase their importation, unless there were a larger demand for our goods in the foreign market. A new foreign market opened to our commerce may not always cause an increased exportation of our goods; it may change in some measure the course of traffic, by offering more advantageous prices for some articles of home production, or a cheaper and better market for the purchase of some foreign goods; but the increase of trade with one country may be at the expense of a decrease with another, and without enlarging the whole amount of foreign commerce: in order to do this, a larger demand and production must be created at the same time at home as well as abroad. Usually, however, new markets increase the amount, as well as alter the direction of commerce, by presenting greater advantages than before, and thus stimulating production.

In all the various operations of industry, each person strives

to advance his own private interest: this is his peculiar and constant study. His engaging in this or that particular occupation, and his following it after his own particular fashion, is from choice, and not from necessity. And, doubtless, he finds, upon the whole, that his interest is best promoted by directing the skill and capital at his command in the course in which he employs them; for, if it were otherwise, he would change that course, as far as his means gave him the power, and would turn it in some other direction. In commerce, every purchase and sale is voluntary on both sides. The merchants realize their profits; the farmers or manufacturers who produced the goods have done the same; and the labourers obtained their wages. Since, then, every one looks to his own interest, and all is voluntary, it is not possible that the benefit can be monopolized by one side to the exclusion of the other, or that any permanent commercial intercourse can be carried on which shall not be beneficial, under existing circumstances, to all the individuals engaged in it. I say, *under existing circumstances*, because a want of information or of capital may prevent men from availing themselves of advantages which would otherwise be within their reach, and because political regulations frequently change circumstances from their natural state, and place them in an artificial position; and thus, as it were, at one time, force a commerce not really advantageous in itself, but only so under these established circumstances; at another, prevent or curtail a commerce really advantageous, but not so under such circumstances. However, under the circumstances thus created by political regulations, whatever commerce is carried on must still be advantageous to the parties concerned, under such circumstances, or they would cease to carry it on; though, perhaps, it is not so advantageous to the country, on the whole, as some other commerce would be, in a state of greater freedom. Speculations as to the general good are involved in much obscurity; but it seems natural to conclude, that what is beneficial to all the individuals concerned, must be beneficial to the nations to which they belong. As far as their separate private interests contribute to make up the public interest, it is unquestionably so; and it does not appear how the advancement of their private interests, in this

way, can work any corresponding detriment to the private interests of their fellow-countrymen, whereby the public interest may be damaged. In such case, no dispassionate mind can hesitate as to the conclusion.

Col. Torrens observes, "The opinion so frequently urged by economists, and acted upon by statesmen, that what one nation gains by commerce, some other nation must lose, is totally destitute of proof, and directly contrary to fact. When England, availing herself of her natural advantages, prepares more tin and iron than is necessary for her own consumption, and exchanges the surplus for the wines and fruits of France, she obtains a much greater quantity of these articles than the labour and capital expended upon the equivalents with which they are purchased, could have raised at home. But in this case, the gain of England is not the loss of France. On the contrary, the latter country, by availing herself of the natural peculiarities of her soil and climate, and exchanging her surplus wine and fruit for the tin and iron work of England, obtains a much larger and better supply of these useful commodities, than the labour and capital expended upon the fruit and wine by which they were purchased, could otherwise have procured for her. Again, while in consequence of more accurate divisions of mechanical employment, and of the application of better machinery, England can manufacture cloth cheaper than Poland; and while Poland, in consequence of having none but her first-rate soils under cultivation, can raise corn cheaper than England; then, England, by exchanging cloth for corn, will obtain a much greater quantity of corn than the labour and capital expended on the cloth could have extracted from her own soil. But this gain of England is not acquired at the cost of Poland. On the contrary, Poland obtains in exchange for her corn, a much larger and better supply of cloth than the labour and capital expended on the corn could have manufactured for her at home. The advantages are mutual and reciprocal. In both countries the productive powers of industry are multiplied. England has more food, and Poland has more cloth, than if a fettered commerce destroyed the international divisions of employment." *

* On Production, p. 249.

Lord Lauderdale, too, remarks, "Human ingenuity cannot contrive a means of conducting the commercial relations between any two countries that shall exclusively promote the prosperity of one of them, without benefiting the other also; and the absurd objections to commercial communication that ignorant jealousy suggests, must ever retard the progress in opulence of the country that makes them, as effectually as of the country against which they are levelled."

The circumstance that the advantages of foreign trade are reciprocal, and divided between the nations carrying it on, instead of inducing statesmen to allow it a free and unimpeded course, has been the occasion of restricting the importation of all those articles which it may be possible to produce at home. The home trade is supposed to confer a twofold benefit; and the capital employed in conducting it, to increase the effective powers of two other capitals invested at home in direct production, and thus to secure to the country the whole of the benefit resulting from the division of labour; while foreign trade is supposed to confer only a single benefit, the capital employed in conducting it, increasing the effective powers of but one other capital invested at home in direct production, and bestowing on the foreign producer one half of the additional wealth which the division of labour creates. Hence, it is contended, that the foreign trade, which confers the lesser benefit, should not be permitted to interfere with the home trade, which confers the greater benefit; and that England should exchange her manufactured goods, not against American, but against British produce; and that America, instead of bartering her raw produce for the wrought goods of England, should give it to support manufactures established within her own territory.

This argument for discouraging the foreign in favour of the home trade, turns upon a misconception of the nature and effects of mercantile industry. It is true, as has been before observed, that a mercantile capital, employed in the home trade, and giving occasion to the home divisions of labour, increases the effective powers of two other British capitals invested in direct production; while a mercantile capital, employed in the foreign trade, and giving occasion to inter-

national divisions of labour, increases the effective powers of only one other British capital. But to conclude from this, that the foreign must be less beneficial than the home division of labour, is to mistake the matter altogether, and to decide upon grounds directly contrary to fact.

The conversion of an inland trade into a foreign trade must bring two capitals into the market—a British and a foreign. In changing from a home trade to a foreign trade, the capital which, while it was engaged in the home trade, gave occasion to heighten the effective powers of two British capitals invested in direct production, is, it is true, withdrawn from one of these, and, consequently, by its embarkation in the foreign trade, affords assistance to one only of these capitals. But the act of its withdrawal brings a foreign mercantile capital into the country to supply its place, and that other British capital invested in direct production thus obtains the same degree of assistance from mercantile capital as it previously received: the only difference is, that it is a foreign instead of a British capital. For the same change precisely which takes place at home, takes place in the foreign country with which the new course of trade is opened. In that country, the capital which previously carried on its internal trade, exchanging its domestic produce from one domestic producer to another, loses its occupation, through the intervention of the British capital, which has exchanged British produce for the goods of one of these producers. Having thus been deprived of one of its customers, and consequently lost half its occupation, this foreign mercantile capital is available for the external commerce of its country; and, instead of being occupied in exchanging the goods of one domestic producer for those of another, it may be employed in exchanging the goods of its one remaining domestic producer with the other British producer, from whom the assistance of the British mercantile capital was withdrawn, on its being transferred from the British home trade to the foreign trade. Since, then, no mercantile capital is withdrawn, no class of producers in either country is deprived of the assistance it previously received from that capital. The effect of the change is merely to enlarge the circle of trade, and instead of confining the mercantile capital

of each country to its own home trade, to extend each of these capitals to the other country, and cause the mercantile transactions of the two to be carried on jointly between them. But the consequences of the new arrangement are, that two most beneficial circumstances are brought about. First, the practicability is afforded of extending the sphere of the division of employment to a double magnitude—to comprehend the inhabitants of two countries, instead of one, and thus of establishing in each a more accurate and minute subdivision. Secondly, the market is enlarged to twice the extent; whence prices must become more steady; less exposed to sudden changes; the supply and demand be capable of being more nicely adjusted to each other; while the better supply, and the more steady demand, must prove alike advantageous to the producer and to the consumer.

Because the advantages that flow from foreign commerce are reciprocal to both the countries by which it is carried on, and cannot be monopolized by one of them to the exclusion of the other, it has been thought wrong to encourage a trade that enriches our commercial rivals. It must, however, be a short-sighted policy, conceived in a contracted spirit, which can deem it unwise to promote the interests of other nations. There can be nothing more contrary to fact, in an economical point of view, than that evil consequences result to us from the riches of neighbouring countries. If it were possible for us to injure them in our dealings, which happily it is not, this injury would be doing ourselves a serious mischief. An increase in the riches and commerce of a nation, instead of hurting, commonly promotes, the riches and commerce of all its neighbours. The domestic industry of a people can never be hurt by the greatest commercial prosperity of their neighbours, but, on the contrary, where an open communication is preserved amongst nations, must gain an increase from the improvements of others. Not only is it the interest of a nation that the articles which form its export trade should be high in exchangeable value; that its customers should be rich and able to pay a good price for them; but, which comes to the same thing, that the foreign articles it imports, while they are abundant and excellent in quality,

should at the same time be low in price. As consumers of foreign goods, their abundance, excellence, and cheapness in those countries where they are purchased are to its advantage. But if our neighbours be poor and destitute of art and cultivation, they will be unable to purchase our goods, since they will have nothing to give in exchange. And how can these qualities of excellence and cheapness in foreign goods be expected, except through the opulence and skill of foreign nations—the indispensable requisites to a fruitfulness in the sources of wealth? The more capital is employed, and the greater skill in industry is possessed, by the people of other countries, the more abundant, the better, and cheaper, must be the commodities they are enabled to offer us in exchange for our goods. Since skill is promoted by affluence, as much as we impoverish them, so much must we lessen their means of acquiring it. In depriving them of skill and capital, we cramp their exertions, render the productions of their industry fewer and of inferior quality. No one doubts that the abundance of British capital, and the perfection of British skill and machinery, have told greatly to the advantage of America, in her purchase of our goods. But, if the prosperity of Britain has benefited America, on the same grounds, reciprocally, the prosperity of America must benefit England. As purchasers of American produce, the abundance of capital in that country, the increase of skill, and excellence of the implements or machinery employed in the production of such things as we procure of them, must be to our advantage.

On this subject Mr. Baines justly remarks, "The growing cheapness of the raw material (cotton) must have been a principal cause of the extension of the manufacture in England since the peace, though improvements in our machinery have been another powerful cause. Thus do mechanical improvements in England, and agricultural improvements in America, act and re-act upon each other: thus do distant nations become mutually dependent, and contribute to each other's wealth. The spinning machinery in England gave birth to the cotton cultivation in America; and the increase of the latter is now in turn extending the application of the former. In the vast machine of commerce, the spindles of Manchester are as necessarily

tied to the plough and hoe of the Mississippi, as to their own bobbins. They must move or stop, be accelerated or retarded, together. The American government cannot wage war against English manufactures, without waging it equally against the southern states of its own confederation. The English government could not obstruct the trade and navigation of America, without stopping its own mills and looms."*

Improvements in the sciences and arts, by which the fruitfulness of the sources of wealth is heightened, are sure to diffuse themselves. Nations may be able wholly to engross the objects of wealth that are drawn from these sources. But the sources themselves are the common property of mankind, and it is neither in their power, nor, in an extended sense, is it their interest, to monopolize the knowledge of those discoveries, inventions, and improvements, by which the fruitfulness of these sources is augmented: in the advantages of such improvements, we cannot but partake. If any one could doubt that we share largely in the beneficial influence which the advancement of other nations in opulence and art spreads around them, and that our interest is indissolubly bound up with the interest of the world at large, let him but reflect what would now be our condition, if there had been no other civilized nations than our own; or, what would it be, if our narrow and malignant politics should reduce all our neighbouring nations to a state of poverty, and, as its consequence, a state of ignorance and barbarism. What commerce could we carry on with nations such as occupy the wilds of North America, or the greater part of the continent of Africa? Where would be our supply of tropical productions, and of the other infinitely varied objects which commerce furnishes us with? They could send us no commodities; they could take none from us. Our domestic industry itself would languish for want of emulation, example, and instruction. Again, what would have been our condition, without the arts and inventions that have been borrowed from other nations? Great as has been the share which our country has contributed to the progress of learning and the arts, it must be very small in comparison with what has been done by the whole world besides, and that during

* History of the Cotton Manufacture, p. 317.

thousands of years before our country had emerged from barbarism. In fact, the greater part of our improvements both in agriculture and manufactures have arisen from our imitation of foreigners; and we ought to esteem it fortunate that they had previously made those advances in arts and science which enabled us to borrow from them. Nor is this intercourse yet given up. We daily adopt the inventions and improvements of our neighbours. Yet, forgetting that we owe our first instruction to them, we continue still to repine that they possess any art, industry, or invention; we regard with jealousy and apprehension every advancement in the arts, every extension of machinery, and increase of capital in foreign countries, in the expectation that their rivalry will be our ruin. So opposed are common prejudices to those just views which contemplate with exultation the welfare of the world at large, as tending to the welfare of every part of it; and so contrary are they to the real facts, that universal philanthropy and true philosophy go together; that liberality and self-interest are but synonymous terms.

Impediments to commercial communication, therefore, are a sort of treason to the human species; since the people of every country are deeply interested in the growing opulence, not only of the inhabitants of the particular country to which they belong, but of every other; whence alone advancement in the arts and sciences, an extension of the dominion of man over the creation, and a higher state of moral and intellectual excellence, are to be expected.

From the views now stated, that every nation is interested in the efficiency of the industry of other nations, one other argument may be adduced to show, that the universal interest consists, not in each nation applying its industry to the production of all the different articles required for its use, in some of which it must labour under a relative inferiority as compared with other nations, but that each should apply to such only in which it either stands upon an equality with others, or, from natural or artificial circumstances, possesses some superiority; selling to them the commodities in which it excels, and purchasing those in which it is excelled by them. "Every manufacture has its

proper position, as every agricultural product has its proper soil. The attempt to establish manufactures of every kind indifferently in every country, is like an attempt to grow in one spot the vegetable productions of every soil and climate." *

"Under a system of perfectly free commerce, each country naturally devotes its capital and labour to such employments as are most beneficial to each. This pursuit of individual advantage is admirably connected with the universal good of the whole. By stimulating industry, by rewarding ingenuity, and by using most efficaciously the peculiar powers bestowed by nature, it distributes labour most effectively and most economically; while, by increasing the general mass of productions, it diffuses general benefit, and binds together by one common tie of interest and intercourse, the universal society of nations throughout the civilized world. It is this principle which determines that wine should be made in France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England." †

From the same views likewise we infer, that the rivalry of foreign commerce, from which so much injury is apprehended, is of service to us; since it can only drive us out of the market by furnishing goods, with which we may also be supplied, at a lower price than it costs us to produce ourselves. There cannot be the same demand for the inferior and dearer home commodity as for the superior and cheaper foreign commodity. Thus competition, though it reduces the *rate* of profits, yet as it increases the magnitude of trade, causes a profit to be acquired on a *larger* amount of business; and the whole profit so gained on the larger amount may equal, or sometimes exceed, the sum gained on a smaller trade, though at a higher rate. Competition therefore does not necessarily lessen the *amount* of profits, though it reduces their rate.

The rivalry of foreign with domestic producers may exist either in the home market, or in the foreign market. If it be in the home market, as much as it reduces the profits and wages of the producers, it cheapens the goods to the consumers: the benefit derived to the consumers on one hand being equal to the loss

* Scrope, Polit. Econ. p. 369. † Mr. Ricardo, ch. 7.

sustained by the producers on the other. Now the consumers are all of them our fellow-subjects; the producers are part of them foreigners; and, consequently, the whole benefit accrues to our country, while the disadvantage is in part borne by other countries. This kind of rivalry, therefore, however much it may be to the prejudice of individual interests, is beneficial to the public interest; which would be promoted rather by its encouragement than its discouragement. If the rivalry be between home goods and foreign goods in a foreign market, this is usually injurious to domestic industry. In this rivalry, all the advantage accruing from the diminution of wages and profits goes to the foreign consumer, while the disadvantage must in part be borne by the home producers and merchants. This disadvantage, however, is not of that magnitude which is commonly assigned to it. To estimate its magnitude, or the loss sustained thereby, let it be observed, that it cannot permanently reduce the emoluments of the home producers and merchants below those of other home producers and merchants; for if it were expected to have such permanent effect, this trade would be abandoned, and some other resorted to, in which the customary gains would be acquired. Neither, without this rivalry with foreigners, would the emoluments in the production and export of the goods for this foreign trade, be eventually higher than in other occupations at home; for the competition of other home producers and merchants would prevent it. Since, then, this foreign rivalry cannot reduce wages and profits more than the home competition itself would ultimately do, without it; that is, bring gains in all employments to a common level; its whole operation, unless we can show that it alters this level itself, and affects the gains on the whole foreign and home trade of a country, must be confined to the change of industry; and herein consists its mischief.

When we take into account all the parties concerned in production, in their double capacity of consumers as well as producers, we observe that the acquisitions of industry are not diminished by competition; which can neither lessen their quantity, nor their quality, nor their adaptation to our wants; but these acquisitions depend on the productiveness of industry,

and the facility with which they may be circulated and distributed in such manner as is best adapted to our wants. These acquisitions admit of increase, not by the repression of competition, but rather by offering models for imitation, and through that emulation which competition amongst rival nations excites. These increase trade, and stir up the activity of genius. These acquisitions are increased, too, by the freedom of industry, and by all those facilities which may be afforded to its powers. If they admit of being distributed in a manner better adapted to the wants of the consumers, this must be by promoting commerce both foreign and domestic, rather than by checking it. If foreign rivalry succeed in driving home goods out of a foreign market, these can only be goods in the production of which foreigners possess some advantage over ourselves; or on which they work for lower wages and profits. Which only shows that domestic industry is following a wrong course. And the proper plan to be adopted is, not to struggle against a competition in which we labour under some inferiority, or in which another nation is willing to work for a poorer reward than we ourselves can obtain in other ways, but at once to divert industry from so unprofitable a channel, assured that the labour and capital thus deprived of employment will find a more beneficial occupation than before, when transferred to those employments which are more lucrative, or in which we possess a superiority over others. The first persons to perceive this wrong direction of industry must obviously be those who suffer from it; and, if perfect freedom of industry be established, there is little need either to point out to them the cause of the evil, or offer an inducement to adopt the remedy.

To exemplify the position now advanced, let it be supposed that our continental rivals should be able, either through superior facilities, or through the effects of severe competition, to manufacture cotton goods at half the expense which they cost in England. It would then be in our power to import our supply of these goods from Germany or France at little more than half the price that we now pay to our own manufacturers. If the cotton manufacture were estimated to produce thirty millions sterling a year; then the consumers would save nearly

fifteen millions sterling a year in this article. In such case, that portion of our industry which is now devoted to the manufacture of cottons, would be set free from this occupation; and must seek for some other. England and the continent are competitors in the general market of the world for bullion, and generally for other articles. In the cotton trade, the English would no longer be competitors; as we suppose them to be beaten out of the market. The question is, would they sustain an injury thereby? The people of the continent export goods to pay for such as they import, and for no other purpose. If the value of their cottons has fallen one half through competition, they must export a double quantity of them to pay for their imports. Thus, betaking themselves largely to the cotton manufacture, which the English have abandoned, and being compelled by the reduction of price to send a double quantity of goods, they must give up to an equal or greater extent those other branches of export trade which now enable them to pay for their imports. Thus they cannot purchase more in the general market of the world than before; while new openings will be found for the products of British industry, in channels which continental industry has abandoned; and the labour and capital set free from the British cotton manufacture may find employment in these channels. The question returns, will they be equally efficient in these new channels in purchasing foreign commodities as they were previously in the cotton trade? It should be observed, that the superior efficiency acquired by continental industry in the cotton manufacture, will turn to the advantage of the continent as far as it consumes its own cottons, but not further; at least not permanently so. In its export trade, the competition of its domestic producers amongst themselves will lower their gains to the common level of the gains in other branches of its industry; leaving to the foreign consumers of cotton the advantage acquired by their improvements in its manufacture. Thus, as the continent will not be able to buy up more but rather less than its usual quantity of the precious metals, and of the other productions offered in the general market of the world, leaving the same quantity of them as before to be acquired by British industry in other branches of production; if British industry should prove as effective, and prosecute these branches with the same success,

as continental industry had previously done, the value of its products would not fall, but would purchase the accustomed quantity at the same cost as it had before done through the export of cottons, while its gain would consist in purchasing cottons at half-price. But if we suppose that British industry should be less successful in its new channels, and that continental industry should be more so, through its superior efficiency in the cotton manufacture, still there is room in the magnitude of the advantage derived from half-priced cottons, for large deductions, and yet leave the British nation in a superior condition than it was before. The utmost loss we could sustain, if no other employment whatever were procured for our labour and capital, is fifteen millions; while the talent and industry which previously produced thirty millions, and this with no more than the average wages and profits, may well be expected to produce more than fifteen millions in their new occupations; and thus the loss to the nation could not be more than what would be occasioned by the change.

It may appear chimerical to suppose that the continent of Europe should ever be able to supplant us in the cotton manufacture. But though the continent should never be able to do this, it is not improbable that some other countries may. The people of India require nothing but our machinery and our skill, both of which may not be difficult to be acquired, and, with their low wages, they would be able to manufacture cotton goods at less than half the price that they now cost us. Besides, theirs is the native country of the cotton plant, and thence also they would derive an advantage over us. From what has been advanced, however, it will be evident, that no nation has cause for alarm at the facilities or advantages in business which other nations may be able to acquire, or at the effects of competition in any department of industry; for, instead of losing, it is sure to gain by everything which facilitates production, or reduces its cost, either at home or abroad. It is not by improvements amongst its neighbours, but by a decline in the productiveness of industry at home, that its situation, economically considered, can ever be injuriously affected.

Another, and more general, prejudice exists against a free trade with foreign countries, from its being supposed that the

importation of foreign goods, especially of wrought goods, has the effect of depriving the home producer of that employment which would be secured to him, if the expenditure of the domestic consumer were restricted to home-made goods, instead of being free to be laid out on foreign goods. The exportation of home goods is commended from its employing our workmen; but the importation of foreign goods is censured from its throwing them out of work.

In another place, the causes have been exhibited which lead to a full employment of industry; whence it appears that employment, or a want of employment, proceeds from circumstances of a totally different character from the restriction of trade. If the positions there advanced should be thought to be established, they are of themselves sufficient to remove the prejudice in question. But if things were otherwise than as there contended, the objection to the free importation of foreign goods, on account of its causing a want of employment for workmen at home, would be without foundation; since no such consequence could ensue from it. On the contrary, the restriction of commerce must tend rather to prevent than to promote employment.

This objection against the free admission of those things which can be brought cheaper from abroad rests on the absurd supposition, that foreign countries will give us their productions, and take nothing in return. But commerce is a bartering of one article for another. As no foreign merchant will give us his commodities without an equivalent, their importation of necessity causes a corresponding exportation of home goods to pay for them. Again, our people will not part with the fruits of their industry for nothing; and in permitting them to be exported, we impose on ourselves the necessity of allowing the importation of their price or equivalent in other articles. While, then, it is admitted that, by the consumption at home of foreign goods of superior quality, the home producer fails to obtain the supply of those persons who would be obliged to use home goods, if foreign were excluded, but now resort to foreign, it is at the same time obvious, that some other home producers acquire an increased call, of corresponding magnitude, for their goods, to supply the exportation requisite to make the payment

for the foreign goods imported. The real *producers* in the English market of the foreign goods imported, are the manufacturers and merchants who have made and exported the home goods by which they have been purchased; since they never could have been brought there but through the production of their equivalents.

But, when foreign goods are imported, they are seldom bartered directly for the produce of domestic industry. The jealous policy of a foreign country, perhaps, forbids the sending home-made goods in payment, or by the imposition of a duty, prevents their being so sent with a profit. Again, some other goods besides those which are home-made may possibly be sent to greater advantage. In such case, the goods imported from that country must be paid for, either with the goods of some other foreign country, or in money. If foreign commodities of some other country be the medium of payment, these, before they can be sent, must have been purchased, either immediately with the produce of domestic industry, or with something else that had been purchased with it. If money be the only thing that will be accepted in payment, the case is precisely similar to that of taking only foreign goods in payment. Gold and silver are not native products, but foreign articles, which must be acquired in the same way as other foreign articles, that is, by the exportation of something which was either home produce, or had been purchased with home produce. Thus, in whatever way the payment for foreign goods imported be effected, it must consist ultimately of home goods. The process in one case is more circuitous, and must comprise two or more different transactions; consequently, the final returns are longer before they come in; the capital employed must, therefore, be larger, and the expense heavier; but, since we have nothing wherewith to keep up a series of foreign purchases except through the continual creation of domestic industry, the vent for the products of that industry, and the results in all other respects, are the same as in the most direct barter.

Since the quantity of goods exported must in the long run meet the demand for payment of the goods imported, it follows, that a restraint on the importation of foreign goods is

precisely equivalent to a restraint on the exportation of home goods. Foreign trade opens a vent for our produce only to the extent to which we allow a vent for foreign produce at home. We sometimes loudly lament a falling off of foreign demand for our manufactures, but fail to notice its real cause in the enormous duties, and other obstacles, which check the importation and sale of foreign productions. These duties render the cheap productions of foreign countries dear, and bring their prices nearer to the expense at which they may be produced at home. In thus equalizing in a measure the expense of production in different places, they take away the benefit that would otherwise accrue from the inequality; and mar the advantages that Providence intended to confer in giving a varied aspect and different climates to the world, instead of creating it of one tame and unbroken uniformity. Internal industry on the whole can never suffer from the most unlimited importation: it can only be particular branches of trade, and until the individuals engaged in them have removed into other branches. On the contrary, the most unlimited freedom of industry can only raise its general productiveness, by confining it to such branches as each country excels in, and thus affording us a larger and better supply of all articles of value.

Since, then, the refusal on the part of a foreign state to take our goods in payment, does not obviate the necessity of that country taking goods of some kind in return, but merely causes a more round-about trade; and since the importation of foreign goods into any country, cannot but cause a corresponding exportation of its home goods to pay for them, either in a direct or circuitous barter; it is manifest, that it is not in the nature of a freedom of external commerce to produce a want of employment at home.

Yet, in the firm conviction that national prosperity was to be promoted by selling without buying, and blind to its utter impossibility, governments have not been content with checking the importation of the finished products of foreign industry, by the imposition of a tax or fine upon purchasing of foreigners, they have in many instances offered rewards in the shape of bounties on selling the products of domestic industry to them. In the language of Adam Smith, "We cannot force foreigners

to buy the goods of our workmen, as we may our own countrymen; the next best expedient, it has been thought, therefore, is to pay them for buying." It is obvious, that a merchant who receives a bounty upon export can, without personal loss, sell his goods in a foreign market under prime cost. No doubt, the merchant exporter is desirous of acquiring complete possession of the supply of the foreign market, which he is easily enabled to do by selling his goods for less than they cost. He can have no objection to receive part of their price from his own government, instead of the whole of it from his foreign customer. But it would be a waste of time to prove that the whole amount of the bounty is a free gift from the nation which pays it, to the foreign purchasers.

From what has been offered, it will be easy to resolve the question which frequently arises, as to the policy that ought to be adopted towards those countries which maintain a restrictive system of external commercial intercourse. It is sometimes asked, Shall we take off our own restrictions, and allow the free importation of foreign goods, when our neighbours will not take off theirs, nor allow our goods to be received in exchange? And it is contended, that however beneficial a free trade might be, if all countries would join to permit it, it would yet be inexpedient in any one country to abandon the restrictive system, while her neighbours continue to enforce it.

Now the commerce that is carried on with foreign countries is in consequence of their supplying us with some articles which it would cost us more to produce at home. So long as these cheaper articles can be procured, whether in an open, a contraband, or under a restrictive system of trade, or whether in a direct or through a circuitous barter, an evident advantage accrues. When this can no longer be done, the commerce will cease of itself. If a particular country, willing to furnish us with her productions, would take no goods of ours, but only money, in return, this absurd policy on their part would not cause it to be against our interest to trade with that country, if any articles could be bought there cheaper or better than elsewhere. The payment for such articles, if not made in actual money, would be made by bills on some other foreign country, with which that country might be willing to trade, and whose

goods it would receive, though refusing our own. However restricted the commerce may be, all the parties engaged in it will gain the customary rate of profits, the same as in other branches of trade; for, without this, they would not engage in it, but would occupy themselves in some other branch. They would gain no more than this, if it were entirely free. The restrictions do not lower the profits, but merely contract the extent of the trade, and heighten the prices of the goods to the consumers, through the disadvantages which must be contended against in carrying it on. If the commerce be conducted with the customary profit to the parties engaged in it, and the goods are cheaper than could be produced at home, it seems natural to infer that it must be carried on with advantage to the country to which they belong. It is altogether immaterial whether the difficulties that must be surmounted in acquiring the cheap articles that are to be bought, and which we want, arise from natural or from artificial circumstances; from impassable roads and mountains, or from obstacles not less insurmountable raised by mistaken laws and absurd fiscal regulations. If they can be overcome, it were unwise to refuse the advantages which offer, small as they may be, and for the only reason, that our neighbour is able to afford us greater advantages, but declines to grant them; notwithstanding that both his interest and ours alike call for it. When France excludes the cheap and excellent iron goods of England, she suffers incomparably more from this exclusion, than the injury she occasions thereby to England. But because a mistaken policy has blinded foreign nations to their real interest, and caused them to refuse to take our cheaper goods of one kind, and thus deprive themselves of the benefits which an unlimited freedom of commerce with us would yield them, can be no reason why we should imitate the absurd example, and refuse to take their cheaper goods of another kind. Retaliation on our part may perhaps be wise, if a prospect exists of thereby inducing other nations to abandon their exclusive system against us, but not otherwise. Such retaliation cannot be harmless to ourselves; but must injure us more than it does our rival.

In the production of articles of primary necessity or convenience, it may be wise so to encourage domestic production as

to render us in some degree independent of neighbouring countries for the supply of such articles; not however for the benefit of producers, but of consumers. While mutual jealousy and animosity amongst nations shall exist; while they shall continue insensible to their community of interest; and while war shall continue frequently to interrupt commercial intercourse; it may be worth while to impose duties on such necessary articles of foreign growth or manufacture, as can readily be produced at home. A revenue derived in this way, if the duties be not too high, will not be more objectionable than other similar duties, and will at the same time secure us against injury from a stoppage of the supplies by the folly or violence of other governments. The sacrifice of the advantage of a free commercial intercourse must be put against the advantages of security; and the balance of gain or loss is the only question. Beyond this, however, it can never become necessary for the protection of domestic industry, to retaliate upon any foreign country the restrictive system which it may ignorantly enforce against us. The only injury the enforcement of the restrictive system against our commerce can occasion, is, to prevent the introduction of those articles which the foreigner can furnish cheaper than we can produce ourselves, and thus to leave the domestic producer as completely in possession of the home market, as if the most rigorous measures of retaliation were resorted to for his protection.

Happily for the country which would begin to set the example of an unrestricted commercial intercourse, popular prejudice has assigned no evils to the *exportation* of goods: it is to their *importation* alone that it raises obstacles; and the regulations of state which fetter that intercourse are, in each country, such only as check the importation of foreign goods, and promote the exportation of its home produce. Consequently, we can obtain every good thing our neighbours possess; for such they are willing to supply: but they will take very few good things of us in return;—these they are unwilling to have. Now the benefit of commerce consists in the *acquisition* of things; not in the *parting* with them. The parting with articles is not good in itself; but only as it is the necessary condition of the acquisition of better articles. By the exchange, we procure commodities which

are cheaper than what we could produce ourselves, and better to us than the commodities we give for them. However, if anything can be found which they are willing to take, their own goods we are at liberty to have. Had these regulations of foreign countries been of an opposite character, and have prevented their people from disposing of the goods we want, it would have been much more unfortunate for us.

The nation which should set the example of a conduct actuated by uniformly liberal principles, would soon demonstrate to the world, in the happy result of such an enlightened policy, that the systems and theories really fallacious and destructive are those which proceed upon the exclusive, the selfish, and jealous maxims, which have been so long acted upon by the governments of Europe. In thus proving experimentally that good policy can go hand in hand with liberality, it would both do honour to itself, and render the highest service to mankind at large, in inducing the general adoption of a system of commercial intercourse founded upon a better spirit.

Foreign commerce is alike beneficial to new and old countries; though its operation is somewhat different in the two. While it accelerates prosperity in new countries, it removes the natural check to prosperity in old countries. "In new countries, where it is not necessary to cultivate inferior lands, or to cultivate the better soils in an expensive manner, the productive powers of agricultural industry are extraordinarily high; while, from the population being thin and scattered, and from capitals being little accumulated, the application of machinery and the division of mechanical employment are imperfect; and, consequently, the productive powers of manufacturing industry are extraordinarily low. The case is reversed in old countries. In these, the necessity of resorting to inferior soils, and of applying additional portions of capital to the best, renders it more difficult to raise an increased supply of agricultural produce; while, in consequence of a denser population, and larger accumulations of capital, employment is more subdivided, and machinery better applied; so that the productive powers of manufacturing industry increase, rather than diminish. Hence, in new countries, prosperity is retarded by the difficulty of converting raw

produce into wrought goods; while, in old and populous countries, prosperity is checked by the difficulty, not of working up, but of procuring agricultural produce. Now, the difficulty of working up raw produce in the one case, and of obtaining it in the other, may be completely obviated by these international divisions of employment which foreign trade establishes.

"Such being the advantages which foreign trade is calculated to bestow, as well on new countries as on old, it must fill us with astonishment to see the governments of England and America rivalling each other in their efforts to contract within the smallest possible compass, that species of intercourse between the two countries, which, were it freed from restraint, would enable them to confer reciprocal and almost infinite benefits upon each other. This furnishes a melancholy proof of the small portion of wisdom with which the affairs of nations are administered.

"The advocates for protecting domestic industry by restrictions on the importation of foreign articles, urge, as a further objection, that the foreign market may be glutted with our goods, and that, if we allow the importation of foreign productions, it may be found impossible to increase the sale of our goods abroad so as to afford, in the extension of manufactures and commerce, a beneficial occupation for the labour and capital displaced.

"I answer, that under this supposition, the whole controversy is set at rest. If America will not receive our goods, and if we cannot increase our exports to other foreign countries so as to obtain a quantity of foreign commodities, or of gold, with which to pay for American produce; then, as America will not give it to us for nothing, any further commerce is at an end, and the home producer will be effectually protected against foreign competition. The objection is destroyed by the very supposition upon which it is founded." *

There is one case, it is said, in which a free foreign trade might impoverish and depopulate a country. "When countries have arrived at that ultimate point, beyond which no additional capital can be employed with a profit in raising food and the

* Colonel Torrens on Production.

materials of wrought necessaries, then, if one country were to acquire superior facilities in the production of superfluities and luxuries, the free importation of such articles into the other countries would dislodge a great portion of their capital without presenting any possible opening for reinvestment, and would cause their manufacturing population to emigrate or perish."* The case supposed is, in substance, this: Let England and France have each arrived at that point of improvement, at which capital expended in the production of food and wrought necessaries will produce a profit of two per cent.; and let this be the lowest rate of profit for the sake of which the capitalist will adventure in production. Let it be impossible to increase the quantity of food, because the next land to be taken in cannot yield the necessary increase of two per cent. Now, while such continues to be the situation of the two countries with respect to necessaries, let France acquire the power of manufacturing all articles of superfluity for half the cost at which they can be prepared in England. Under such circumstances, the French manufacturer might sell his superfluities, and obtain a handsome profit, at a price which would be altogether inadequate to replace the capital of the English manufacturer. If a free trade, therefore, were permitted with France, it would be impossible for the English producer to sell his fabrics at so low a price as the French; and, consequently, all the food and wrought necessaries which had formerly purchased superfluities fabricated at home, would now be exported to pay for the cheaper fabrics of France. Nor could the labour and capital dislodged by the introduction of foreign goods formerly made at home, find any other profitable occupation. By the supposition, no additional supply of food and material can be extracted from the soil, to replace that exported in exchange for the increased quantity of foreign articles imported, and to afford support to the manufacturing population thereby thrown out of work.

In reply to this supposition it may be urged; first, that the capitalist not being willing to engage in cultivation without a certain remuneration, is no reason why capital should not be employed. It might perhaps produce no remuneration at all. In

* Torrens on Production, p. 276.

this case, the owner, not being able to get a profit by employing it, would scarcely think it worth while to claim an exclusive right to it, or to trouble himself to prevent any other person from using it, who chose. But a change of industry taking place, and the British producers of superfluities being thrown out of work, the price of labour may fall; and though the next land cannot yield the same gross produce, yet a profit may still be gained by cultivating with cheaper labour, and thus an increased quantity of food be raised. If a considerable population is thrown out of employment by the introduction of foreign superfluities, it must be employed in still further extending and heightening cultivation. If the quantity of capital, and the want of it, remain the same, the profits of the capitalist must continue unchanged; and when industry yields a diminished produce, the loss must fall, not on the capitalist, but on the labourer. There is, however, a certain point beyond which wages cannot be reduced without destroying the population. But a reduction in the price of superfluities could not ultimately have the effect of lowering the condition of the labourer. If the portion of a man's time which was previously required to produce wherewith to purchase superfluities, be lessened by a diminution in their price, there must be more of his time available to an extended cultivation of the soil; and, in this case, soils of inferior quality may be taken in, and yet the labourer be equally well supplied with both food and superfluities, with no greater labour on the whole than before. Again, when it is stated that *all* the food and wrought necessaries which had formerly purchased superfluities fabricated at home, would now be exported to pay for the cheaper fabrics of France, it should have been said, not that *all* would be exported, but the *greater part*. The reduction in the price of foreign superfluities must cause a smaller quantity of food and material to be exported to pay for them, than was previously paid to the manufacturers who produced them at home. If then these manufacturers, when turned to agricultural labour, should extract a less quantity of produce from the soil, in proportion to their number, than the other agricultural labourers, their produce must doubtless be equal to replace the diminished quantity of produce required to pay for these foreign super-

fluities. Thus, a reduction in the price of these superfluities procured from abroad, could only divert the domestic industry from the production of such superfluities to a further cultivation of the soil, without lessening profits, and without diminishing the quantity of food and wrought necessaries remaining to be consumed at home.

With regard to the condition stated as being essential to the production of the effect described,—"that the country importing foreign fabrics, shall have so nearly attained the limits of her agricultural resources, that the labour and capital dislodged from domestic manufactures shall be unable to extract from the soil an additional supply of food and material, equal to that which is sent out in exchange for foreign fabric,"—it admits of question, whether there is, within any reasonable distance, an ultimate point beyond which the cultivation of the soil cannot be extended. Every old country is always at the limits of its agricultural resources as regards production, at the customary rate of profit, with the application of its existing skill and capital; and without an increase of these, no greater produce can at any time be raised from the soil, but at a less profit, and a greater proportionate expenditure of labour. If it were otherwise, a greater produce would at once be raised. And the position, if true, must hold equally in every stage of its existence. But the argument against it all turns on the fact, that a *smaller* quantity of food and material must be required to be exported in payment of the foreign superfluity, or the home manufacturer would never be displaced. Industry at present seeks its most beneficial employment, not in raising a larger quantity of food and material with a less proportionate return on its labour and capital, but in fabricating these superfluities at home. Let, however, these superfluities be hereafter procurable at a less expenditure from abroad, and industry will then find its most advantageous employment in raising a greater quantity of food and material, though at more expense, for the purpose of purchasing these cheaper foreign superfluities; their lower price compensating for the increased expense of raising food. Thus the apprehension of an ultimate poverty, and want of employment, to the industrious classes, from a hypothetical

case even, is without foundation; and the universality of the position of advantage accruing from an unrestricted commercial intercourse with foreign countries, under every conceivable circumstance, stands without exception. Hitherto, however, we have witnessed no approach in our country to the limit of its supply of food. When we come to the question of population, this subject will be treated more at large. It is sufficient here, merely to allude to the fact, that since the censuses of our population have been taken, the portion of it required to raise our food has decidedly diminished; which shows that agricultural produce is now raised with greater ease than it was at the commencement of the present century; notwithstanding that soils of poorer natural quality are now cultivated for that purpose.

There is however one way in which the interposition of government would appear to tend to the promotion of wealth. This is, in imposing duties on certain articles that are exported. The foreign consumer must pay to our exporting merchant the whole expense he is at in sending out the goods, together with the ordinary profit upon them. If government increase the merchant's expense by imposing a duty on the production or exportation of the goods, then the foreigner, if he take them, must pay an additional price, equal to the duty, or go to another market for similar articles. But if the commodity taxed were produced, either through the aid of nature or art, with unusual facility, or were peculiar to our country, so as not to be obtainable elsewhere, the foreign purchaser would be either compelled, or find it his interest, to pay the increased price necessary to cover the tax. "If England had more productive tin mines than other countries, or if, from superior machinery or fuel, she had peculiar facilities in manufacturing cotton goods, the prices of tin, and of cotton goods, would still in England be regulated by the comparative quantity of labour and capital required to produce them, and the competition of our merchants would make them very little dearer to the foreign consumer. Our advantage in the production of these commodities might be so decided, that probably they would bear a very great additional price in the foreign market, without very materially diminishing their consumption. This price they never could attain, whilst

competition was free at home, by any other means but by a tax on their exportation. This tax would fall wholly on the foreign consumers, and part of the expenses of the government of England would be defrayed by a tax on other countries. The tax on tea, which at present is paid by the people of England, and goes in aid of the expenses of the government of England, might, if laid in China, on the exportation of the tea, be diverted to the payment of the expenses of the government of China." *

If, however, the monopoly should not be complete, but only partial, the tax must be less than the difference between the expense of producing the article at home and the expense of producing it in less favoured countries; for, without this, our merchants would no longer possess the exclusive supply of the foreign market. So likewise in the case of commodities in which a country does not possess a monopoly, but only a relative advantage, natural or acquired, over other countries in their production. The duties on exportation must not exceed this relative advantage; for if they should exceed it, this advantage, as regards our external commerce, would be lost to the country, and we should be driven to purchase our supply of foreign goods with articles in the production of which we possess less advantage, and thus be compelled to give the produce of a greater quantity of our land, labour, and capital for this supply than we need do. Neither again can they be so high as to exceed the hazard of smuggling; for if they hold out extraordinary gains to smuggling, then the expected revenue will be lost, and all the evils of this demoralizing traffic be substituted for the benefits of a legitimate commerce.

But while we admit that a country possessing peculiar facilities in the production of certain articles which are in request, and much more when possessing a monopoly of such articles, may render other countries tributary to her, by imposing duties on those articles, it would not thence follow that it would be expedient to impose such duties, for the purpose of causing foreign nations to contribute to the support of our government. There would be a manifest hardship in burthening foreigners with the support of our government, and in taking so unworthy

* Ricardo on Polit. Econ. p. 278.

an advantage of them. In private life, for one individual to overreach another, is considered disgraceful. The rules of morality and propriety which apply to the intercourse of individuals, apply equally to the intercourse of nations. Yet the same men who, in their private capacities, disdain to commit an action liable to the imputation of dishonesty or selfishness, can, when acting for their country, stoop to conduct not in reality less unworthy; and this, without the slightest sense of shame. Nay, in diplomacy to cheat and take every advantage is considered the highest merit. If a nation were professedly and systematically to adopt such an overreaching policy, doubtless she would soon find the same course retaliated upon herself by other nations. And the result would be, that all the commodities in the production of which different countries possess advantages over other countries peculiar to themselves, would become taxed by their respective governments to such a degree as to take away, or nearly so, the advantage of purchasing these commodities of them. Foreign commerce then would be almost at an end, and the peculiar benefits it confers would be lost to the world. It must be a short-sighted policy that should give occasion for a retaliation so deserved, and which would work such mischief to mankind.

In the preceding section, when considering the effect of restrictions on the colonial trade, it was endeavoured to show, that the regulations by which a mother country compels its colonists to purchase their supply of articles in the market of the mother country, so far from being beneficial to its subjects, cannot but tend to the impoverishment, alike of the inhabitants of the mother country, and of the colonies. The effects of commercial treaties between independent states, where they are not confined to the maintenance of freedom of intercourse, or the protection and convenience of merchants, and are at all restrictive in their operation, or alter the course of traffic that would otherwise naturally exist, have similarly mischievous effects to the regulations which a parent state imposes on the industry and commerce of its colonial subjects; and the principles previously unfolded, in treating of the colonial trade, apply equally to the foreign trade.

If England, by power or by persuasion, can render herself

the *entrepôt* for conducting the external trade of another country, while a few of her subjects, namely, the owners of the docks, wharfs, and warehouses, in her sea-ports where this commerce is carried on, will be enriched by the increased dues and rents that will accrue for the use of them through this arrangement, its effect must be directly to the prejudice of that country, and indirectly so to the people of England generally. The prejudice to that other country consists, in the waste of labour and capital in conveying the goods by a more circuitous course to their ultimate destination; in the greater expense of such circuitous course; in incurring uncalled-for charges of dues, rents, and commission in England; and in detaining its capital a longer time in this tedious traffic. The injury to the people of England at large consists, in the greater expense and inferiority of the goods we buy of that country, caused by the unproductiveness of a part of its capital thus delayed in a tedious traffic; and the greater expense of production in that country, caused by the sacrifice of labour and capital which must be made to procure the goods of foreign countries required in the work of production; the poverty of its people occasioning a deterioration in the quantity and quality of their productions. The effect is the same whether that other country be a colony or an independent state.

Again, when England, by a treaty of alliance and commerce, binds her ally to receive from the United Kingdom, or obliges herself to receive from this ally, goods which other countries could supply at a cheaper rate, then the loss to each of the contracting parties in paying a higher price for the goods received is, evidently, equal to the difference between the price paid, and the price at which similar goods might be procured elsewhere; while the apparent advantage gained by each in selling their own productions at a higher rate than could otherwise be done, is in reality no advantage at all, and a mere illusion: the high prices being occasioned not by large profits, but by a direction of industry into channels in which the people labour under a comparative disadvantage, and in which, though high prices are the consequence, yet the profits remain only at the customary rate.

Some distinction, however, is to be noticed here, as in the

case of restrictions on the colonial intercourse, where the articles sold on one side are wrought goods, and those received on the other are the unwrought productions of the soil. In this case, the country supplying the wrought goods, will gain no compensating advantage whatever from selling them at a high price. Neither will the people generally of the country supplying the raw productions of its soil. The owners, however, of that soil must gain an advance of rent by such high prices, and be thus enriched at the expense, both of their own fellow-subjects, and of their ally. In the case of wrought goods, there is no limit to the supply of raw material from a want of land whereon to raise it, and therefore no power to keep out competition, and charge a monopoly price. But in the case of the unwrought productions of the soil, when the monopoly of the supply of an extensive market is procured, which could not otherwise exist, and the land suited to raise the supply for that market cannot be increased in quantity, while the demand for its produce is increased, competition is in a measure shut out, and the monopoly price which the landlords will be enabled to demand as rent, will be considerably increased. Thus, the greater quantity of the wines of Portugal, which used to be consumed in England in consequence of the higher duties that formerly existed on French wines, must in a measure have enhanced the rent of the land in Portugal suited to the culture of the grape.

The celebrated Methuen treaty concluded with Portugal in 1703, and considered a master-piece of commercial policy, was so greatly to the disadvantage of the people of England, and occasioned them a loss of so considerable a magnitude, that notwithstanding it is now at an end, it is deserving of some notice here. By this treaty, the Crown of Portugal became bound to admit the British woollen manufactures into Portugal upon the same footing as before they had been prohibited, that is, not to raise the duties which had been paid before that time, on condition that the wines of Portugal should for ever after be admitted into Great Britain, and subject only to two-thirds of the import duty which should be imposed on the like quantity of French wines.

Now it is probable, that, through the competition of trade in England, there have been no higher profits gained in its woollen manufacture than in its other branches of industry; so that the advantage, if any, accruing from their admission into Portugal, in causing woollens to be exported in payment for wines, in preference to any other British production, is so small as to be inappreciable. Not so the disadvantages entailed by the treaty on the people of England. The difference of duties on Portuguese and French wines altered their relative prices to the consumer from their actual relative cost prices, and while it rendered a cheap wine dear to the consumer, it caused a wine which cost much to be sold comparatively cheap. The British consumption was thus diverted out of its natural and most advantageous channel, and the dearer wines of Portugal have been drank in lieu of the cheaper wines that might have been procured from France. As much as the wine preferred was in proportion to its quality dearer than the wine which might have been had, so much has been the loss to the country from a forced and unnatural direction of its expenditure. But this is not all the loss that has been sustained. While the British woollen manufacturer was exposed in the markets of Portugal to the open competition of all the other manufacturers of his country, and thus compelled to satisfy himself with the low profits which free competition always occasions, the situation of the wine merchant of Portugal was altogether different. There is no open competition in the wine trade of that country. This trade is in the hands of a company of Oporto merchants, possessing a strict monopoly, and whose privileges have been enlarged and strengthened since the conclusion of the treaty. This company regulates every thing relating to the growth, the mixing, and the export of the wine. The exemption from all competition has not only enabled the company to fix their own prices, but has compelled the buyers to submit to all the adulterations they practise in the wine. Our loss, then, is of a twofold character; first, in being deprived of the means of procuring the cheap French wine except at an exorbitant price; and next, in being made to pay exorbitant profits to a company of merchants. From these views of things, it seems strange to account for the fact, that

England should have submitted, for more than a century, to such serious disadvantages. If, without this treaty, and instead of the unequal duties on the wines of the two countries, there had been imposed an equal *ad valorem* duty on the wines of both countries, the cheaper article *according to its quality* would always have been preferred, and the exorbitant profits of the Oporto monopoly would have been cut down, by opening a fair competition with the growers of France. From the circumstance that the exports of the country must always meet the demand for payment of its imports, it is evident, that the admission of our woollen manufactures into Portugal caused no greater exportation of British goods, on the whole, than would have happened under other circumstances ; but merely a substitution of woollen manufactures for some other goods. Had French wines been placed on an equality with those of Portugal, as the wines of both countries would, in such case, have been cheaper, there would, probably, have been more wine drank, and the increased quantity imported must have caused a larger exportation of British goods to pay for them. Yet conclusive as the arguments for the equalization of the duties on these wines appear, so strong were the prejudices to be contended against, that it remained to the session of 1831 only to put them into practice, and thus, by subjecting the wines of both countries to the same duty per gallon, to put an end to that policy which has cost the country so dear.

Thus we see that there are means, as exemplified in the case of the Oporto monopoly, by which one country can procure a large quantity of the produce of the labour of the other, in return for a small quantity of its own produce. The same thing we have also observed in the case of the imposition of duties on the exportation of goods in the production of which a country possesses a monopoly, or some superior facility, natural or acquired. Yet in neither of these cases does an extended view of the matter give reason to expect permanent advantage from an attempt so to overreach a foreign country. Similar results take place in private life. A trader for a time may take advantage of peculiar circumstances, and charge exorbitant profits ; but it is seldom that these succeed in the long run ; while moderate profits

insure a continuance of custom. The high prices, however, which are procured by means of the restrictions of commercial treaties, do not always indicate that one country is, in this way, acquiring more of the produce of the labour and capital of the other than it gives of its own in exchange. The high prices of particular goods, when there is no monopoly of their production, and a free competition is permitted, cannot be the result of high profits; for the competition would prevent this; but these prices must be the consequence of the comparatively unfavourable circumstances under which they are produced. If, however, there were some goods which realized high prices, not from the expense of their acquisition, but through the large profits procured, an advantage would be gained by a treaty that should secure a market of such goods in a foreign country, and shut out the competition of other nations. But should the conditions of the treaty be reciprocal, then, while high prices are obtained for goods sold, high prices must be paid for goods bought, and the question of advantage must be determined by a comparison of the quantity of dear articles sold, in relation to the quantity of dear articles bought. Should the quantities of dear things sold and bought be equal, the gain and the loss on opposite sides must compensate each other. But if they should be unequal, the advantage would turn to that country which sold the most and bought the least of such dear productions. But if it were admitted that one nation has a right to overreach another as much as possible, which, however, can hardly be granted, and though it should be allowed that in a treaty of commerce, one country might be able to gain an advantage over the other, it may still be questioned whether it is its interest to do so; for we cannot overlook the evils which may ensue to both. When two countries agree to receive from each other articles that might be obtained cheaper elsewhere, they place themselves to a certain extent in an artificial and precarious state; for the only healthy state of industry is that of absolute freedom; and on the interruption of their treaty, either from a misunderstanding between themselves, or through the preponderating influence of some powerful neighbour, the revulsion and derangement of industry which succeed must be attended

with highly mischievous consequences; consequences that would have been avoided had industry been left to flow in those more natural, and therefore more permanent, channels, which it would have worked out for itself.

Thus the policy of purely commercial treaties, binding the contracting parties to receive from each other articles which can be procured cheaper elsewhere, is more than doubtful. The same objections apply to those partly commercial and partly political arrangements, by which a great power may obtain exclusive privileges in the markets of a minor state, in return for protection afforded her. During the existence of the formidable family compact between the different branches of the house of Bourbon, Portugal was bound in obligation to give every facility to the trade and navigation of England, which could recruit the force that preserved her from becoming a dependency of Spain. But since the exclusive supply of her markets could not secure to British subjects more than the ordinary profits, because the competition of the merchants amongst themselves would prevent this, and since the offer of a market is not the cause of employment, as has already been shown, no peculiar encouragement to British industry could be thus afforded. The idea that England was, in this way, enabled to purchase a larger portion of the productions of Portugal with a smaller portion of her own, and so repay herself in any degree for the additional expense she incurred, is wholly imaginary. The service rendered was a gratuitous service, without any return. Political considerations might exist to render it sound policy in England thus to maintain the independence of Portugal, as an ally, to counterpoise the overbearing and dangerous influence of a rival confederacy, but to calculate on the repayment of its expense by commercial privileges were absurd in the extreme.

Peculiar privileges or advantages offered to the merchants and commerce of one nation, are calculated to excite jealousies amongst other nations that are excluded from a participation in them. The treaties by which they are granted, though not acts of a hostile character, constitute the germs of discord and war. It is, therefore, not only more profitable to treat all nations on the footing of equality as friends, but more wise, having

regard to the lamentable consequences which an opposite policy may help to occasion.

From what has been said we are enabled to determine the question as to what may be the benefits procurable through treaties of commerce between states, and, consequently, what should be the proper objects of such treaty? The magnitude of the advantages which commerce confers, and the indispensable necessity of its freedom to the full and successful development of the powers of industry, are abundantly evident. The question then is, how can commerce be facilitated? Certain circumstances as regards industry exist of themselves, and independently of municipal regulation. Can, then, such natural circumstances be so altered as to extend the advantageous transactions of commerce; heighten the benefits they confer; or lessen the difficulty, the labour, or expense attending them? An extended view of consequences, we have seen, would lead us to expect, that an attempt on the part of one nation so to regulate its commercial intercourse with other nations as to overreach them in its transactions, or gain for its subjects a superiority of advantage over those of other countries, would ultimately fail of success, and must be deprecated as unwise. If, thus, a superiority of advantage to the prejudice of other countries be, in the end, impracticable, it remains that the object must be to seize the favourable opportunities of commerce which present themselves, without considering whether the benefit accruing to one party be of greater or less magnitude than to the other. To induce interchanges of commodities, which from existing circumstances are already profitable to the parties concerned, would be superfluous; since the interests of individuals will prompt them to this, without extraneous interference. To endeavour to lessen, or regulate, these interchanges, which will never be effected unless they are beneficial to the parties, and will always be managed by them in the way that is most to their interest, must, likewise, be, not merely superfluous, but prejudicial. But if facilities can be afforded to commerce; if the impediments which lie in its way and obstruct it can be removed; or the difficulties and expense attending its transactions be lessened, and thus the abilities of the parties

enlarged; such appear to be the proper ends, both of domestic regulation and of treaty between states. It can never be the legitimate object of treaty to restrict the subjects of the contracting powers from buying from other countries, and so compelling them to purchase of each other goods which might, perhaps, be had cheaper elsewhere; the two powers thus reciprocally doing mischief to each other, and depriving their people of the favourable opportunities of commerce that exist; but the rational object must, on the contrary, be to establish the utmost freedom of commerce, and remove every regulation or impediment by which its operations are checked, or turned out of their most advantageous channel. The chief obstacles by which foreign commerce is at present impeded, are the duties imposed in different countries on the goods imported or exported. To remove such, as well as the prohibitions on particular commodities, in which a traffic might be carried on, seems to be the grand end of commercial treaty. If these were removed, each country would be enabled both to acquire with facility the articles it desires, and to pay for them, either in a direct or circuitous barter, with those goods of its own which it is best able to produce. Upon such natural bases only, in which the benefits are reciprocal, and the true interest of both parties is consulted, can a lasting good understanding between nations be expected, and a stable and permanent commercial prosperity be established.

Mercantile intercourse occupies in proportion to the labourers employed in conducting it, a much larger capital than any other kind of business. Its instruments of labour, if they may be so called, or the requisite and appropriate means by which its industry is carried on, both with facility and effect, are more expensive than those in other kinds of industry. The external commerce between different countries, as well as the coastwise communication between different parts of the same country, may be conducted with nearly equal facility by foreign capital and labour, as by domestic capital and labour. Foreign commerce, then, especially with distant countries, is the proper and most suitable business of those rich nations, whose workmen at home are already supplied with every facility that ample capital can give to render their labour effective, and where capital exists in so

great abundance as to cause a difficulty in finding profitable domestic occupations for the whole of it.

This remark applies with especial force to the foreign carrying trade, or the industry by which commodities are transported from one country to another.

On the other hand, nothing but the most palpable misconception of its true interest could induce a poor nation to divert, by artificial means, its little capital from the natural and most profitable channels in which it would flow of its own accord, in appropriative, agricultural, and manufacturing concerns at home, for the purpose of a vain rivalry with its richer neighbours in foreign commerce and the carrying trade. In this rivalry, it must necessarily stint its workmen of the capital necessary to assist their labour, and nothing but failure could be anticipated from it.

But an arrangement by which the internal affairs of a poor nation should be conducted by its own capital, and its external left to be carried on by the capital of its richer neighbours, would be mutually advantageous to all parties: to the poor, in leaving the whole of their capital to give efficiency to their domestic industry: to the rich, in opening a new and more profitable employment for their surplus capital than their already amply supplied home occupations could furnish. In a state of freedom, such an arrangement would, in great measure, become established of itself, through the perception of individual interest, and without legislative interference.

The same remarks apply to a country, not absolutely poor, but relatively so, as regards the employment for its capital, which may find ample occupation at a high rate of profit in the home business. The attempts of the people of America to create a commercial navy, without regard to the circumstances of their country, and the most advantageous direction that may be given to its capital and industry, must be expected to fail of success. With such extensive openings for the employment of capital in the cultivation of the soil, and other home occupations, in which a high rate of profits is acquired, the external carrying trade must be a comparatively losing occupation; and nothing but factitious legislative interference, falsely called

protection and encouragement, but ruinous to the country at large, can preserve this trade from a low rate of profit.

In the domestic occupations of a country, the competition amongst individuals constantly tends to reduce profits in all of them to the common level of profits of that country at the time. In whatever domestic occupation an individual may engage, the market of whose produce is not over supplied, he may reasonably expect to gain this common average of profits, and to be secure from a competition which would reduce them below it; since he is probably as favourably circumstanced for carrying on the business as other men, and none will be satisfied with less than the common rate of profits. But in the external trade of a country, it is different; and the competition partakes of another character. Here the individual must contend, not only against the competition now mentioned, but against a competition with the whole world; a competition whose common level of profits is not the same as in the internal business: it may be lower, but it cannot be higher, for the competition of his own countrymen would prevent this. But whatever it may be, he cannot expect to gain it, except he be as favourably circumstanced as those with whom he has to compete.

The shipping interest of Great Britain has to contend, not only against British capital, but against that of the Dutch, the French, and all the countries of Europe. If the profits of the ship-owners were higher than the average of profits of British capital, the competition of other British capital would soon reduce them to the common level. Here, however, the ship-owner is comparatively secure. No other British capital can come into competition with him under more favourable circumstances; but must be subject to the same rate of charges as himself. Not so in the competition with Dutch capital. The expenses of ship-building and other shipping charges may be lighter in Holland than in England; and, again, the rates of profits and of wages may be lower. But, notwithstanding his higher expenses, the British ship-owner must reduce his charge for freight so as to meet the lower level of Dutch profits and wages under lighter expenses. He must accept such freightage as the Dutch are willing to take; for if he insist on higher, he will get no freights

at all. Thus the difference of expenses may deprive him altogether of profits. In some countries peculiar advantages are presented for the building of ships, while, perhaps, there may be none for navigating them; and, consequently, the most profitable occupation of the country may be merely to build and sell; leaving to other nations to navigate them.

The maxims of national economy are wholly distinct from considerations relating to national protection; they form but a class amongst the principles of administration, and there are occasions in which the practical application of these maxims must give place to the more important consideration of the means of providing for the public safety. The maxims of political economy would absolutely withhold all sorts of legislative interference in offering encouragements and discouragements to particular branches of industry. But in a country like England or Holland it may be expedient to disregard these maxims in the case of the shipping trade, and, in opposition to them, to favour it by peculiar encouragements, with a view of creating or maintaining a mercantile navy as a nursery of seamen, available on emergencies for the purposes of naval warfare. It ought not, however, to be imagined that this encouragement can be purchased without cost. The disadvantage it entails is equivalent to a real and constant expense, and the question of policy must be determined by the value of the advantage gained with reference to its cost, and whether the same object might not be procured at a lower cost in another way.

If, however, we put out of view the expediency of resorting to such means of providing for the public security, the universal principle of non-interference in industry holds good in the shipping trade equally with every other; and attempts to force or to allure into it more of national labour and capital than would naturally flow into it of their own accord, are as impolitic as every other attempt to encourage or discourage particular branches of industry.

The direction of capital and industry to the carrying trade is not so much the cause, as it is the effect, of great national wealth, and, under a state of freedom, is its natural symptom. The two greatest maritime powers of modern times are Great

Britain and Holland; they are likewise, in proportion to the extent of their land and population, the two richest countries. But there is no ground to conclude that the magnitude of their mercantile navy has been the cause of their opulence. The carrying trade no doubt has yielded profits, but not higher than the other capital of these countries employed in domestic occupations.

The effects of the much-extolled Navigation Act of England have been greatly misconceived. Admitting always the paramount importance of securing our national independence, to which everything else must give place, and that nothing can so effectually do this as the maintenance of a naval superiority, it is still open to inquiry, whether this naval superiority might not have been more effectually secured by other means. When this celebrated Act was passed, the abundance of capital in Holland, in proportion to the employment for it there, had reduced the rate of profit on capital in that republic much below the level in the rest of Europe. Her ship-owners were, consequently, content with receiving lower freights than those of other countries, and were engrossing the carrying trade of Europe. In an economical point of view, there can be no doubt that England, under such circumstances, would have been a gainer by paying the lower freights of the Dutch, and employing her own capital in those branches of production at home in which a higher profit could have been realized, instead of investing it in the shipping of goods. Assuming, for illustration, that the rate of profit was fifteen per cent. in England, and only ten per cent. in Holland, then the expense of freight on foreign commodities was enhanced to the people of England on the passing of this Act to the amount of five per cent. on the capital embarked in it; while their capital thus drawn from agriculture or manufactures to be employed in the carrying trade, must have caused a falling off in the produce of their domestic industry. Had England imposed increased duties on the goods transported, equal to the saving of five per cent. on the freight by employing the Dutch, the effect on the circumstances of her people, as regards their supply of foreign goods, would have been precisely the same. The money thus permanently raised would have enabled her to

bring up and train for naval service the number of men that might be required in time of war, and have made a considerable saving into the bargain; while the permanent increased produce of her agriculture and manufactures, secure from the vicissitudes of naval affairs, would have promoted the wealth and prosperity of the country, on which eventually her power must depend, and would not have been without their effects to the present moment. By excluding the Dutch from our carrying trade, the country lost the employment of the capital thus engaged. As much as the wealth of our country was lessened by the falling off in the produce of domestic industry through not having this Dutch capital employed, and consequently forcing our own capital into a less advantageous employment, so much must our power have been diminished. Let us notice the effect on the Dutch, had they been allowed to engross our carrying trade. We suppose, through competition, that they gained no greater profits in this employment than they gained by employing their capital in other ways. There would have been, perhaps, a larger opening for capital by the liberty of engaging in this trade, and the profits on the whole capital of their country might have been in a small degree increased thereby. But an increase obtained on the profits of capital employed at home, when that capital itself, or the produce it raises, is not increased, does not in any way augment the national resources; because this increased profit is then obtained by the capitalist at the expense of the other classes. Though, therefore, the mercantile marine of Holland might have covered the seas, it does not follow that she would have been enabled to command them. Her naval force could only have been kept up by taxes, and the produce of these must have depended on the wealth and resources of her people. By preventing their engaging in our carrying trade, their capital was, perhaps, transported in greater quantities to the East Indies. If an equal return was produced from thence to what would have been procured from the carrying trade, the wealth of Holland, and consequently her naval power, was in no way diminished; whilst the wealth and power of our own country must undoubtedly have suffered from the scarcity of capital, occasioned by the necessity of embarking a portion of it in a

precarious carrying trade. We conclude that this so much vaunted Act has kept down the wealth and power of England below the height to which it would otherwise have risen, without promoting our naval superiority more than it might have been promoted without it. It is to an overreaching policy, that would make ourselves rich and powerful at the expense of our neighbours, exemplified in this and other Acts in our commercial system, that we owe much of that jealousy which is felt towards us on the part of foreign countries, and in part, also, the almost continual warfare in which we have been engaged. Is it by such actions, which in common life would be denounced as disgraceful, that the honour of a high-minded and generous people is sought to be upheld? If, however, the benefits supposed to have been procured by this Act had been much more apparent than they are, and the evils attending it much less evident, the case becomes entirely altered, and its effects, so far as advantage is concerned, rendered not merely nugatory, but mischievous, when we come to have the same policy retaliated by other countries against ourselves. Was it then worth while, for the more than doubtful benefits it conferred, to continue this Act, at the hazard of such retaliation, and the consequent evils to all parties which must necessarily ensue?

Foreign commerce is only different from the home trade in the circumstance that one of the two parties to its transactions is the subject of another state, instead of both being subjects of the same state. Should a conquest or a union of two countries carrying on commerce with each other place them under the same sovereign power, the *foreign* character would be lost to this commerce, and it would assume that of the home trade. But such a circumstance could not alter the nature of the commerce, or the extent of the benefits it might confer. A very considerable extent of country is necessary to establish a proper distribution of employments, and to comprise within it the variety of soils, climates, and productions, which furnish our supply. A small state has not a population of sufficient magnitude or extent of country enough to furnish its own supply, independently of foreign countries; while a larger state is much more able to do so. Depending thus on population and extent of coun-

try, and on the adventitious circumstance of territorial boundaries, *foreign* commerce must be greater in relation to internal commerce in small states, and the internal commerce relatively greater in large states. Take the case of one of the small Italian states, in contrast with the empire of Russia. In the former, a considerable portion of its mercantile transactions have the character of *foreign*; while in the latter, containing within itself almost all the varieties of soil and climate, its foreign commerce must form so small a portion of its whole mercantile transactions, as to be hardly capable of a relative appreciation. Again, the portion of these transactions which bear the character of foreign must be greater in those provinces of a large country which border on a neighbouring country, than in such as are situated more in the interior. But, notwithstanding that the character of *foreign* or *home* is a sort of adventitious quality, causing no essential difference in the nature of the trade itself, there is a peculiar importance attached by some persons to the foreign trade, as though it were of a different nature, and of superior value to the home trade. We have looked to the exports and imports as an index of the prosperity or decline of our country; while the state of the internal trade has excited no particular observation. But since the two are in their nature essentially the same, it would be wrong to attach a higher value to one than to the other. The activity of the home trade is as much an index of national prosperity as that of the foreign trade. Besides, the amount of exports and imports may be increased or diminished by circumstances which may have little or no effect on public prosperity. A decrease of foreign commerce may proceed from the people of different countries having acquired nearly equal facilities in the production of commodities in which previously a greater inequality subsisted. In countries situated under the same degrees of latitude, and affording similar natural productions, the acquisition of nearly equal facilities in their different branches of industry may perhaps be expected. In such case, the commerce between them in many commodities must cease. A falling off of foreign commerce, therefore, may indicate nothing more than that either ourselves or other countries have acquired the means of producing at

home, as cheaply, articles which formerly could not be produced so cheaply as in other countries. But this may not be attended with any material effects on the prosperity of a nation. From the magnitude of the benefits which commerce confers, its extension, however, when it is the result of natural circumstances, cannot but be regarded with satisfaction; whether it be internal, external, or both; and as much in the one case as in the other. When commerce establishes itself without external force or allurement, it indicates a greater division of employment, and superior facility in the production of goods. It produces a larger and more extended market; consequently, one that is less liable to be strongly acted upon by the fluctuations which proceed only from local or temporary causes.

The natural commerce of the world is that between countries situated under different degrees of latitude, where different degrees of temperature subsist. This is that commerce which is permanent, from the nature of things, and must always be free from those fluctuations which the progress of industry in different countries may effect in other branches of commerce. The temperate climate cannot produce the sugar, coffee, cotton, and other productions of the tropical region; neither are the tropical regions suited to raise the productions of the temperate and cold countries. This is nearly the only indispensable commerce; and is that which most highly conduces to our enjoyment. While advantages of a high order would ensue from the extension of other branches of commerce, an enlargement of the intercourse with the hot countries would add even still more to the comforts of the people.

As the several nations of the world advance in wealth, in science, and population, and in the perception of their true interest as regards commercial affairs; and as their intercourse becomes facilitated from improvements in methods of conveyance; commercial relations must gradually become more intimate, and the benefits they confer be more extended. That species of commerce, indeed, which now in a high degree conduces to the supply of our wants, and which is carried on between new and old countries, may in time be lost. In the former, raw produce bears a low value in relation to wrought goods; but as these

countries advance in population, the cultivation of inferior soils must increase the cost of raising raw produce, while the division of labour will reduce the expense of working it up. Hence, in new settlements, the increasing value of raw produce must gradually check its exportation, and the falling value of wrought goods progressively prevent their importation. But no state need entertain apprehensions that their neighbours will improve to such a degree in every art and manufacture as to have no demand for their commodities. Commercial intercourse between nations must always exist in those articles in the production of which the immutable circumstances of soil and climate, and the natural or accidental circumstance of difference of genius, or of a direction of industry in a peculiar manner to particular productions, give one country an advantage over another. Nature, by giving these diversities to different nations, has secured their mutual intercourse and commerce, which must increase as the advantage of a single direction of industry to a few productions becomes better understood; while as nations become richer, the larger will be their demands from their industrious neighbours. What, in the long vista of futurity, shall be the ultimate result of the progression of our species, the advance of population, and the increasing difficulty of cultivating inferior soils, is of small moment to inquire. That it must be such as may be contemplated with satisfaction, rather than despondency, several reasons induce us to believe. Hitherto, this progress has contributed to raise us in the scale of civilization, and tended to the increase of our wealth, our comfort, and our piety. With the concentration of population, the division and combination of labour, the accumulation and economy of capital, and the advance of science and the arts, the power of man over the creation has been augmented, and has more than kept pace with the increasing difficulty of cultivating inferior soils. If a term exist, at which this augmentation of power in relation to the increasing difficulty of cultivation will cease, and which the history of the species shall fix upon as the point of the termination of its forward progression, and, perhaps, the commencement of its decline, it must be at so great distance, that it would be folly to think of making provision for it.

CHAPTER XV.

ON SUPPLY AND DEMAND.

THE full powers of industry cannot be brought into exercise, nor the full fruits reaped which labour is calculated to yield, unless the supply and demand of labour and of commodities approach within a certain measure of equality with each other; and the nearer they approach, the more successful will be the results of exertion.

The universal division of employments, which increases almost in a miraculous degree the productive powers of labour, is sometimes accompanied with inconvenience. The complex system of civilized society, like a powerful and complex machine, must require a more careful and skilful guidance in proportion to its magnitude, its force, and the intricacy of its parts. Happily the moving principles by which industry is urged forward, as well as the multitudinous parts of which human society is composed, were framed by the great Author of nature, and are so adapted to their ends, that they accomplish them without extraneous interference, and in a manner incomparably more accurate and more effectual than any human superintendence could ever induce. The *great* masses of supply and demand preserve an equipoise, yet fail to attract notice; the vibrations in the balance excite attention, though they are trivial in comparison with them.

Before a distribution of employments had taken place, and while each man acquired, or produced and prepared for himself, everything which he used or consumed, there was little inquiry or experience necessary to ascertain when his supply of any particular article was equal to his want of it. When such was the case, he immediately desisted from procuring more of this article, and directed his attention to the acquisition or production of some other of which he stood in need. In the rude state of the arts which then prevailed, every individual was skilled in every art that was known; and having the necessary,

though simple, implements used in all, he could follow every known occupation. In such a state, supply and demand naturally adjusted themselves to one another, and were never disproportionate; there was no anxiety to procure a profitable sale; few exchanges were attempted; and there was scarcely such thing as profit. Though every man's supply on the whole was scanty, yet the exertion of labour never failed of its expected reward, through the want of a profitable vend for its produce, and every man's supply was proportionate to his industry and his skill.

But since the distribution of employments has been established, men in general are unacquainted with more than one of the innumerable arts of civilized life, and are mostly incompetent to engage with advantage in any other. In the greater number of the arts, a long time is necessary, and considerable difficulties present themselves, in acquiring the requisite knowledge and skill for their practice, in the state of perfection to which they have arrived. This is the case as regards even one only among them; much more as regards several. And without this knowledge and skill, they cannot be engaged in with success. Besides, great expense must be incurred in procuring the necessary tools, implements, or machines, and in constructing workshops, buildings, and premises suited to carry on many trades. Hence it is necessary, before embarking in any business, to ascertain, not what are the articles of which the individual himself stands in need, which could be easily done, but, what is more difficult,—whether the supply of the market of the particular article proposed to be produced is commensurate with the demand for it; whether this demand is likely to continue for some time equal to the supply; and whether the individual himself is able to produce the article at so cheap a cost as to procure a profitable vend. This is not often easy; neither is there always much confidence to be placed in the conclusion as to futurity that may be arrived at. Thus all the time and expense incurred are uncertain of producing a return, and are always liable to be lost, by an excess in the supply of the article in the market over the demand for it, which may render it expedient to abandon the business and turn to some other. In such a state of things, it is not enough that a man be

industrious; he must be industrious in producing only such articles as will readily sell with a profit, under the existing costs of production. A duty devolves on him, which was unknown in a less advanced state of society,—that of continually directing his attention to the state of the market; because, in the smallness of profits which a general opulence occasions, a slight variation in prices may occasion, either a considerable profit, or a considerable loss. Without this attention, manufacturers may be in distress, not in consequence of idleness, but of working too much; and agriculture become a losing occupation, not from the deficiency, but from the abundance of its products.

The great practical problem is, to direct industry into the several occupations in such proportions to one another as that the whole quantity of the products furnished by each may be in request, and readily exchanged against each other, with such mutual advantage to the parties, as to yield to all the proper fruits of labour. In this problem is involved the welfare not only of the particular individuals themselves who are engaged in business, but also that of the community at large. When the different sorts of merchandise are produced in these proportions to each other, or when, in the language of political economy, the supply is limited to the effectual demand, and the respective producers are content to accept a fair equivalent for what they give, every article produced finds a ready and a profitable vend. No conceivable increase of production so proportioned can overstock the market; but every addition to the supply would be met by a corresponding increase in effectual demand; limited only by those bounds which are set to increased production. This prosperous state of things is immediately interrupted, when the different sorts of commodities are produced in proportions either unsuitable to each other, or when the producers on either side decline to accept what people are able and willing to give for their commodities. In this case a glut ensues, and business becomes suspended. Hence, from the happy results on one hand, and the disastrous consequences on the other, with the frequency of the recurrence of gluts, and the suspension of industry, the inquiry as to their causes, and the means by which they may be averted, is one of high importance and interest.

The demand for food is limited by the mouths which are to eat it; for clothes by the persons who are to wear them. Yet although we can eat but a moderate quantity of food, drink but a certain quantity of liquors, and but a moderate quantity of clothing is sufficient for every purpose of warmth and protection from the weather, still the human mind is so constituted that the quantity of the labours of others which the generality of persons desire to acquire and consume has no bounds. There is no family that would not be rich and great, if these were within its power. We cannot fix the limit to the acquisition of wealth, and the consumption of the conveniences and ornaments of dress, equipage, buildings, and household furniture, which pride, vanity, rivalry, and self-indulgence would induce. Though a community, or a part of a community, may have as much food and clothing as it may wish to consume, it can never be said of the *quality* of that food and clothing, that it is such as to satiate every wish; neither can the same be said of every other production of nature or art. If food and clothing of a plain and common kind were ever possessed in plenty, these would be laid aside for such as are of superior quality or workmanship, when they could be acquired. If food and clothing of the highest imaginable excellence were possessed in abundance, yet to enlarge or improve our houses, to fill them with splendid furniture and works of taste, to decorate our grounds, would still seem desirable. The wish to do some or all of these things is implanted in every man's breast; and nothing prevents or puts a limit to expenditure but the want of means to spend, or the sacrifice of so much toil in the acquisition of these means as would more than counterbalance the pleasure of spending. No sooner has a greater facility of acquisition placed at the disposal of men an increased quantity of objects of wealth, than their desires and wants enlarge to the full extent of the facility afforded to their gratification. And it is well that we are so constituted. Were man without aspirations after a higher state of enjoyment; were he the sober, chastened, and easily contented animal which it has been sometimes wished that he were; did a mere shelter from the weather, and a sufficiency of wholesome food and coarse clothing, satisfy his wishes; he would probably have

remained for ever in a condition little superior to that of the cattle he has domesticated.

How, then, since the desires of men are boundless, is it that a glut of commodities is so frequently in the market? To this question we answer, such glut is not a superabundance of *all* sorts of commodities: this has never yet been known; but it is a superabundance of some one or more particular kinds of commodities in relation to other kinds; not because there is more labour or more goods, than are sufficient to satisfy every want and wish of every member of the community, but arising from the distribution of employments, and the interchange of commodities amongst them; and proceeding either from ignorance of the general wants, or an inability to produce such things as are in full request, and therefore a continuance in occupations which are not called for, in the hope of earning something rather than nothing.

Too much of a particular commodity may be produced, of which there may be such a glut in the market, that a profitable vend cannot be obtained for so large a quantity of it, either through the producers, from erroneous calculations, expending more in bringing these goods to market than the consumers are able and willing to pay for them; or, again, without any increased expenditure, by the irregularity of the seasons, throwing upon the market a greater quantity of a commodity than those who have the ordinary quantity of other commodities to offer in exchange, are desirous of consuming.

From whatever cause a superabundance of particular commodities may have proceeded, the glut exists and is continued from one or other of these three circumstances. First, either the commodities are not of sufficient goodness of quality; or, secondly, these particular kinds of commodities are in too large a quantity in relation to other kinds against which they are suited and were intended to be exchanged, or, which is the same thing, there is too small a quantity of these other kinds; or, lastly, the prices demanded are higher than the means and inclinations of purchasers allow them to meet, so as to take off the whole quantity offered at such prices. To one or more of these circumstances may be traced the true reason of those

gluts, both of goods and labour, which are of so common occurrence, and of such melancholy results.

If a man were alone in the world, it is plain, that he would so direct his labour as to procure those things which he most needed, or wished for. There would then be neither a superabundance of *all sorts* of commodities, nor of any one or more sorts; because, when his supply of everything was so ample as that a greater or better supply would not afford him more satisfaction than the unpleasantness of the additional exertion that would be required to procure it, he would cease to acquire more. Again, he would procure only so much of each particular sort as was sufficient for his purpose, and would discontinue to produce more of the particular sort when he had enough. If, through want of knowledge or skill, he were unable to produce or manufacture articles of fine quality, or beautiful works of taste and art, there might be more time upon his hands than would be occupied in procuring objects of wealth; and if we could imagine that he would devote the whole of it to the acquisition of the commoner articles, notwithstanding he had no need of so large a quantity of such articles, there would, doubtless, be a superabundance of them. But if he possessed the requisite skill to manufacture fine goods, and produce exquisite specimens of taste and art, the whole of his time and labour would not be more than enough to satisfy his desire of such things. If, however, his cravings for them could ever be completely satisfied, there would still remain open to him the cultivation of the intellectual powers, the stores of science and literature, the investigation of new and undiscovered truths. These would present him with an inexhaustible fund of employment. The world abounds with work to be done, with poverty and want which call for a supply, with unexplored or only half-observed fields of inquiry, investigation, and study; and yet with all this business to be done, with all this want to be supplied, we find a glut of commodities, and a superabundance of labour; respecting which men have disagreed both as to the cause and as to the remedy. It is, however, in the production of still more commodities, and the exertion of additional labour,

which common prejudice would conceive to aggravate the mischief, that the real remedy for the evil is to be found.

As in the case of an individual acting alone and independent of every one else, and able to produce the finer and more costly articles, there could never be more time upon his hands than he would be able to occupy in the acquisition of something which his wants or wishes called for, or in following some industrious pursuit which his inclination or fancy would dictate; so in the case of a number of individuals, or a nation, if possessed of skill and science, it is equally plain, as wants and wishes must be multiplied in exact proportion to the additional number of persons, that there can be no superabundance of labour beyond what can be occupied in ministering to their wants and wishes, nor any glut of commodities on the whole.

It is impossible to conceive, with the present degree of efficiency of manual labour, and the existing fertility, or one should rather say sterility, of the soil, that there should ever be, either more labour than enough to acquire all the things which the wants and wishes of the people call for, or more goods created than are enough to satisfy them. There must be a much greater simplicity of life, and more moderation in the desires, prevalent amongst the people, than we can well conceive of, before such a superfluity of labour or of goods should exist as would more than satisfy every wish of every individual in society. If ever the efficiency of labour should be very much heightened above its present state, and this should be accompanied by great simplicity of manners, we might imagine, that every rational desire that could be formed would meet with its due satisfaction. But with the present excessive cravings of people's appetites, and the present degree of efficiency of labour, it would evidently be impossible, if the industry of every individual in the community were called into the fullest exercise, that it should be sufficient to procure all the objects of wealth which these cravings demand.

In the existing state of society, industry is not distributed in the several branches of business according to the degree of request in which the objects are held that they contribute.

Labour is directed in excess of quantity to some occupations in relation to the quantity directed to other occupations; or, what is the same thing, it is in deficient quantity in these last occupations in relation to the others.

If the whole industry of a nation could be comprehended in the view, and subjected to the direction, of one master mind, no such unequal distribution of labour would occur. Let us suppose such a case, first of all observing that the workmen whose labour is to be directed by this master mind may be either skilful workmen, able to perform every kind of work that may be required of them; or, on the contrary, wholly unskilled, and able only to execute the ruder kinds of work; in short, a nation of savages. In these two cases, there must be an essential difference in the results.

Taking the first case, let us suppose a nation highly skilled in all the arts of life, that there is in every department of industry a sufficient number of persons able to perform all the work that may be required, and that the whole of the labours of the community are subjected to the superintendence and direction of one single individual. In such case, this labour would be so directed and apportioned in the several departments of industry, as to produce or acquire all the different sorts of articles which the national wants called for, *precisely in those proportions in which they were required*; and the occupations of the people would be so changed, from time to time, as the change of their wants, or the fulness of their supply of particular things, rendered necessary. If an adequate supply of every article of a plain kind were acquired, the national industry would be directed to the acquisition, production, or manufacture, of articles of superior quality. In such a state of things, it is evident, that with the present degree of efficiency of manual labour, the existing productiveness of the soil, and the existing extent of the cravings of our desires, no superabundance of labour or of commodities on the whole could possibly exist for a continuance. If a superabundance of any particular kind of labour or of goods existed at any time, through a change in the productiveness of the seasons, a change of fashion or of wants, or other circumstances, this superabundance could not be permanent.

The national industry being directed by one person, and the workmen, by the supposition, being skilled in all the various arts of life, the superabundance of any kind of goods or labour could last only until the direction of industry could be changed. We conclude, therefore, that when the workmen are sufficiently skilled in the acquisition of the different objects of our wishes, although the whole time of every person in the nation were occupied in labour, there could not be more labour or more of these objects than the desires of the people would call for, and there would be an effectual demand both for all the labour and for all the commodities which the labour of the community could produce. If an excess seem to exist, it will be an excess, either of some particular sorts only, or, which is the same thing, a deficiency of other particular sorts against which they are meant to be exchanged; or it will be an excess arising from the goods produced being in general not of sufficient excellence or fineness of quality. The national industry, in such case, is more than adequate to satisfy the national wants *with coarse or common things*, and admits of its furnishing articles *of a better or superior quality*. In both cases, the excess is the result of industry directed not in accordance with national wants and wishes; and this is demonstrated by the fact that no such excess would exist, if the whole labour of the nation were directed by one individual.

If we take the second case before mentioned, supposing still the industry of a community to be under the guidance of one person, but that the workmen have little or no skill in the arts of life, are wholly incompetent to execute the finer or superior kinds of work, in short, a mere horde of savages; in such case, notwithstanding the whole national industry might be directed in the most exact accordance with the national wishes, so far as those wishes could be met by the skill or ability of the people to satisfy them, there would be a superabundance of labour beyond the means of its employment; or a glut of those commodities which such labour can furnish. But this superabundance of labour or glut of commodities is the sole and inevitable result of the ignorance, the unskilfulness, and incompetency of the workmen; and of their being able to per-

form only the commoner kinds of work, of the productions of which the people have already enough, though destitute of all the luxuries, and the greater part of the comforts of life. If we take the case of our own country, and suppose that, while retaining our present efficiency of labour in producing all the commoner articles of life, we should all at once lose the skill or ability to produce all the finer articles, we may readily conceive what a mass of unemployed labour would be the result. From this inability to produce better things, the rich and the poor would eat the same fare, and be clothed and lodged in the same way; the rich might have *more* things, but they would not be better, and the condition of the prince and the peasant would be nearly alike. At present, the quantity of the productions of the labours of other men which are consumed by the affluent is almost incredible. There are many whose wealth or other circumstances enable them to consume on the personal gratifications of themselves and of their families, all that the incessant toil, not of hundreds merely, but of thousands of workmen can furnish; and this because of the exquisite fineness, beauty, and costliness of every article they use or consume. But if, through the ignorance and unskilfulness of the workmen, nothing better could be furnished than peasants' fare, and every individual in the nation, whether rich or poor, should, in consequence, be supported on the same homely articles, it is evident that it would be impossible for the affluent to consume the produce of all this labour, and the whole of the workmen now engaged in the production of the comforts and luxuries of life would be without employment. Already all have necessaries, and if only necessaries could be furnished, more than half of the people must be idle.

It is the want of skill and knowledge of the higher branches of industry, that is the cause of the idleness and want, which we see in ignorant and barbarous countries. In Ireland there is a great portion of the population in idleness and poverty: the people are willing to work, but cannot find employment. They are all in want of food, of clothing, of houses, of furniture; in short, of everything; but they have nothing to give in exchange but labour of the rudest kind. If they had skill in different branches of art, and a few raw materials and tools, they would be able to

do many things for one another, which would add materially to their comfort. But at present, they can only do that for one another, which each man can do for himself, and does not want another to help him in. They are able only to cultivate the soil, and perform the commonest services and most simple operations. When these are done, we have no further occasion for such persons. It would add nothing to our comfort or our pride to employ them further; they can do nothing that we want; and there is a superabundance of such common kind of labour. They cannot employ us in doing anything for themselves, and all further intercourse therefore ceases, except what takes place from charitable motives. If the poor could make clothing, or furniture, or build houses, these would be more abundant, and more easily procured. But there are few who are competent to these employments; the consequence is, that the results of such industry are scarce, and the sacrifice we must make to obtain them is greater than it otherwise would be; and in some of the articles, greater than the pleasure we could derive from possessing them. If we would civilize Ireland, and raise her poor from the state of wretchedness in which they lie, the most effectual way would be to teach them arts; not learning. Arts will procure them food, and enable them to give their children food and learning too; but to give them learning, without the means of procuring subsistence, were only to perpetuate their poverty, and render it less endurable, by making them more sensible of its miseries.

It is commonly said that the difficulty lies, not in the production, but in the disposal, of commodities; that produce would always be abundant, if there were but a ready demand for it; and the great object of people's desires is, a consumption brisk enough to quicken sales and keep up prices.

The misapprehension as to the causes of a want of vent for commodities, is frequently to be ascribed to the intervention of money as the instrument by which purchases and payments are effected. Almost all the merchandise and labour which are bought and sold, or hired, are paid for with money. Hence, when the vent for commodities is slow, difficult, and productive of little advantage, people say that money is scarce; and ascribe to this scarcity the dulness of trade and difficulty of effecting

sales. Hence, too, money, in common estimation, is of all things the most important—the end and object of every transaction. Money, however, is neither the actual object and want of the man who sells, nor the ultimate means of purchase of him who buys. The man who sells, although he may declare that he does not want goods, but money, for what he sells, yet in reality is in want of nothing but goods. The money, in fact, is only wanted for the purchase of fresh goods, or raw materials, or necessaries for his family, to replace the stock which has been exhausted. And the man who buys, although the payment is made in money, is only enabled to pay in money by the previous sale of goods or labour of his own for it. Thus money is but the medium or secondary means through which commodities and labour are obtained: the primary means are the commodities or labour with which money is procured. In a more extensive sense, we do not buy things and labour with money, but with other things or other labour. The money which is taken on any sale is not retained, but quickly given again in the purchase of other things, and will speedily perform the same office between fresh parties, and so pass from one to another in an endless round; just as a public vehicle successively transports objects one after another. The money is but the agent of the transfer, and its whole utility consists in the facility it affords to such transfers, or the difficulties it removes, in obviating the necessity of effecting exchanges by barter.

Again, money, in its ordinary state of circulation, is not the *produce* of labour, capital, or land: it is merely *purchased* with their produce. Originally, it was the *produce* of the industry of the miner, who exchanged it for the productions of the industry of others; but to all other persons into whose hands it has subsequently passed, and is continually passing, it is not an original production. Inconsumable in itself, it is not subject to increase or diminution according as industry is more or less productive. Not being *produced* by industry, but merely *purchased* with its productions, and this as an intermediary step towards procuring the particular objects desired, the better to effect the exchange of the things possessed for the things desired, if money at any time be really scarce, this must

have arisen from a scarcity of other things wherewith to purchase it; and hence, again, it is not in strictness with money, but with other things, that purchases are made.

Besides, money is of such a nature that it adapts itself to the work it has to perform, so that there is always enough in circulation to conduct the mutual interchange of those things which really exist, and are required to be exchanged. It does this in two ways, either by expanding or contracting in value, or by a more rapid or slower motion. Performing but a momentary function, the rapidity of its progress, when its services are required, makes up in part for the smallness of its quantity, while its value rises or falls commensurate with the value and number of the payments it has to make. Its frequent change of value in different places causes it to be in a state of continual passage from place to place, supplying the deficiency wherever there is a demand, and relieving the excess wherever it is superabundant. As money only *affords facility* to exchanges, it would not be possible that any want of money could prevent exchanges further than that facility itself extends. Exchanges, the advantage of which exceeds the difficulties interposed, would continue to be effected notwithstanding a total absence of money. But commercial transactions of the largest amount are carried on without the employment of money at all. Credit, and substitutes in the shape of bills or drafts, perform the same office, and the want of money is easily supplied by these, when an increase of business requires.

For the reason, then, that everybody must buy the objects of want or desire, each with his respective products, transformed into money for the moment; and because, even if money were really scarce, this must have arisen from the want of other things wherewith to purchase it; and again, because the quantity of money in circulation always adapts itself to the work it has to perform: for these reasons, I say, it is not because there is not sufficient money to effect them that sales cannot be made; it is not because money is scarce that sales are dull; but because in fact there are few exchanges to be effected; and this, either because some other things are scarce, with which the things are ultimately to be exchanged, or, if these things be

plentiful, because they cannot be exchanged on terms which are profitable, safe, or satisfactory to *both* parties.

The most frequent cause of a glut of particular kinds of commodities or labour, is to be found in a higher demand being insisted on by their possessors than is compatible with the means or inclinations of purchasers. It is much more common for goods to remain in the market unsold, because a remunerating price cannot be obtained for them, than because there are no parties able to give something and wishing to buy. In such case it is evident, that the reason why the supply exceeds the demand, is not because there are not parties willing to buy, but because the price demanded is above that which purchasers are willing to give. If it be said on the one side, that the price offered is lower than the venders can afford to take, it may, with equal force, be replied, on the other, that the price required is higher than the purchasers can afford to give. The question is not whether the buyer or seller is the richer or better paid of the two. Neither is it any reason, because the vender may be worse remunerated for his industry than the purchaser is for his, that the vender ought not still to make a further reduction in his demands, when his goods cannot otherwise obtain a market. When goods or labour that are in request remain unsold or unemployed, this is an evident proof that the quantity offered is too large to consist with the price which is demanded for it. Either the quantity offered must be lessened, or the price, so as to meet the means of purchasers. But although the price offered to the merchant who brings the goods into the market may be such as would, if taken, deprive him of his accustomed profit, or even subject him to a loss, it is possible, notwithstanding, that if all the other parties contributing to the acquisition or production of the goods would generally lower their demands for wages, profits, or rent, and bear the loss equally amongst them, similar goods might continue to be produced and furnished in the market, so as to yield at such prices a reasonable profit to the merchant. In the case of a stagnation of trade through the demand of a higher price than the market allows, the public welfare is to be promoted, either by an immediate change of industry to occupations furnishing

goods whose supply is not in excess, or by submitting to accept those lower prices which admit of a sale of *all* the goods, and by which the consumers would be benefited.

In the exchange by means of which any production of labour or subject of commerce is acquired, there is necessarily a sacrifice to be made, either of labour or of goods. Now the intensity of the desire of the parties on each side to effect the exchange, and to make the sacrifice in order to procure the object desired, must depend on the estimate which they respectively form of the superiority of the things that can be so acquired, to those by means of which the acquisition may be made. The distribution of employments and division of labour, that heightens the manual dexterity of the workmen, and their facility of production in the particular departments of industry in which they are engaged, causes it to be more easy for them, and consequently more to their interest, to procure the greater part of the commodities they require by means of an exchange with those particular articles which they themselves produce, than to produce or manufacture with their own hands all the separate articles they require. To this origin of exchanges, we owe the supply and demand of the market. They are the result of industry being separated into distinct employments, and of the increased facility which labour acquires through this separation. So long as labour shall be thus facilitated, will supply and demand continue to exist; and in proportion as the division and subdivision of employment are carried to a greater extent, and labour is thus in a higher degree facilitated, will the advantage of exchanges become greater, and, consequently, supply and demand be each of larger magnitude.

Nevertheless, the continued supply of any particular commodity depends on the existence of such a demand for it as economists term an effectual demand; and the magnitude of the supply will depend on the extent and intensity of that demand. To constitute an effectual demand for any commodity, the ability and inclinations of purchasers must be such as to present an offer for it of such a quantity of other things as are so satisfactory to the several parties engaged in producing it, as to enable and induce them to continue to produce and furnish a

similar supply. In the acquisition of every commodity, there is an expenditure of labour, and the use of tools and other implements. In most things, there is a consumption of materials, the use of capital, and of the creative powers of the soil. Tools, implements, and other articles of capital, are subject to wear and tear. Both capital and land are let to hire, for which some consideration is expected. Effectual demand must consist in the offer of an equivalent to replace the consumption of materials, the wear of tools, and loss of capital, with as large a remuneration to the labourers and their employers and landlords, as they could obtain in any other occupation to which their labour, capital, and land might readily be applied. The labourer must evidently be supported through the returns of his industry; and not only so, but he must be furnished with all such comforts as it is in his power to acquire in those other employments to which he is competent, and which are open to him. To the landlord and capitalist, likewise, a sufficient remuneration must be offered to induce a continuance of their contribution towards the production, by the offer of the average rate of remuneration procured in other employments. Without a demand of sufficient intensity to afford such a remuneration, it cannot be effectual to procure a constant and steady supply of the market with the commodity. When the parties suffer through continuing to furnish that supply, they must be expected, as opportunity offers, to change their exertions towards the supply of some other article, in which the average rate of remuneration is acquired.

The ultimate cause which regulates the price of commodities is the cost of their production; and in all the vibrations of the balance of demand and supply there is a constant tendency to establish equal wages, rents, and profits in the different branches of industry. Yet it is not necessary, in order to the continued supply of any commodity, that the several contributing parties should be as well remunerated as other persons similarly situated usually are. From the miscalculations of suppliers, the variations of seasons, the difficulty of transferring capital and workmen from one employment to another, the demand and supply seldom or never bear that relation to each other, which causes

goods to sell for such prices as afford equal wages, rents, and profits in all occupations. Sometimes the demand is greater, and sometimes less, than the supply; and until the supply can be diminished or increased proportionately to such a demand as shall allow these prices, (the relation of the existing supply to the demand determining the market value of the goods,) the parties in the interim receive frequently much less or much more than the average remuneration acquired in other occupations. It is sufficient, if the remuneration presented by the price of the article be enough to enable and *induce* the parties to continue to furnish a similar supply. Again, temporarily, the demand and supply in every particular market, are constantly vacillating, and it is not on every occasion that such prices can be obtained as are necessary to fulfil the conditions of a regularly continued supply. But these variations, so long as they are temporary only, have little effect: the *average prices* that are obtained are those which influence the supply.

Satisfaction to the labourer, capitalist, and landlord, is the indispensable condition which every society must fulfil, in order to obtain the supply of by far the greater part of the commodities which it wants; and the price of any commodity may be considered as consisting of three parts—that which pays the wages of the labourer employed in its production; that which pays the profits of the capital by which such production has been facilitated; and that which pays the rent of land whence the raw materials were procured;—the price of each of these component parts being determined by exactly the same causes as those which determine the price of the whole.

With a continual demand for any commodity of such an intensity as affords a price adequate to fulfil the condition above specified, its supply in the market will be ample and steady. The workmen, as their wages are satisfactory to themselves and leave a profit to their employers, will be in full employment; while the landlords and capitalists procure their rents and profits.

It may be observed, that the equivalent for the consumption of materials that have been expended in the production of articles, and which must be replaced in order to a continuance

of the same amount of supply of such articles, is not always of the *value or price* which was given for those materials; the value of similar materials may have risen or fallen in the interim; it is enough, in order to the continuance of that amount of supply of those articles, if the profit be sufficient to *replace* those materials, whether the landlord may in future raise or abate his demands, and the materials subsequently become of greater or less *value*. Again, although this equivalent is necessary to a continuance of the same amount of supply of *those particular articles*, it is not always necessary to the supply of the market with articles in general, that this equivalent be procured. If the equivalent be what those materials have actually cost, it is sufficient; although this would be inadequate to repurchase a like quantity of similar materials. It might happen that no similar materials could be procured to carry on a further production of such articles. If the equivalent was sufficient to realize a profit on the past labour, the ends of that labour have been answered, though future production in that branch cannot be carried on, or can be carried on only at a greater expense. If future production in this branch be impracticable, or unprofitable, industry may be diverted into other channels, until a fresh supply of materials, or an increased demand, shall cause a renewal of production in this branch to be practicable.

Effectual demand and supply are in the relation of equality, when the quantities of goods are such as to exchange against each other in such proportions that the sum of the advantages derived from the exchange is the same on both sides; that is, when the labourer, the capitalist, and landlord, on each side are equally well paid; or if one or more of these be not so well paid, when one or both of the others are overpaid as much as the other is underpaid. It may happen that the capitalist who furnishes the supply may get the same rate of profit as the capitalist who offers the demand; but if either the labourer or landlord procure, on his side, less than the customary wages or rent, the supply will be in excess: and so of the others. With regard to labour, however, the wages of some descriptions of labour must be higher than others, on account of the time and expense which are necessary to acquire the requisite skill or

ability to perform it. The wages of these descriptions of labour are on an equality with others, when the average earnings of the whole life of the labourers exceed those of other labourers by the sum expended in acquiring the skill or ability, together with the usual rate of interest on the sum thus advanced, from the time of its being advanced till the excess of earnings has replaced it. Supply is deficient in relation to effectual demand, when the sum of the advantages it yields to the suppliers, is greater than that which is obtained on the other side; and supply is in excess, when the sum of the advantages it procures, is less than the sum obtained by those who occasion the demand.

In the exchange of commodities, too little attention has been paid to the circumstance that, in an equality of benefits on each side, they must be equal to *all* the parties concerned on *both* sides. Now in these parties are included, not only the producers, but the consumers; and, again, on the side of the producers, are included, not only the farmer, master-manufacturer, or merchant, who are usually the only parties whose interests are regarded, but the several descriptions of labourers employed, and also the landlords: these must be considered; since they all concur in the production of the commodities. If any one of these fail to obtain an equivalent for what he gives, whether it be labour, raw material and the creative agency of the soil, or capital, the equilibrium of advantage cannot subsist, though the remaining parties may be properly remunerated. Looking at the low wages obtained in agriculture, and in some of our great manufactures, it is obvious that such branches of industry, though the farmers, master-manufacturers, and merchants, realize the average rate of profits on capital, are, notwithstanding, on the whole losing occupations to the country. If the goods are exported, a national disadvantage is sustained, and foreigners are supplied at the expense of an inadequate remuneration to our working classes. If it could ever be right in governments to interfere in matters of industry, these branches, so far from deserving public protection and encouragement, ought rather to be discouraged from being carried on, or contracted within those limits, which, by lessening the supply, might enable the workmen, as well as the masters, to gain the

average wages yielded by employments in general. It would be a very narrow view of the subject to suppose that when the tradesman or merchant gets the highest profit, there must be the best direction of national industry, without reference to the wages which the workmen procure in that branch. The greatest *profits* can only indicate the best direction of *capital:* the highest *wages* must point out the best direction of *labour.*

Again, the interest of the consumers, though often put quite out of the question, is as important as the interest of the producers. When the demand for any commodity is for a continuance of greater intensity than is consistent with this equality, a disadvantage is sustained by the consumer in the exchange of the commodities produced by himself for this commodity; and while he fails to obtain an equivalent for what he gives, the producers on the other side are gaining extraordinary profits. But whatever the producers thus gain too much, is so much a loss to the consumers. Under such circumstances, if industry be free to change from one occupation to another, the consumer, finding that he suffers a loss, while the producer gains an advantage over him in the exchange, will as far as he is able give up the occupation in which he suffers, and engage in that which has the advantage. The supply and demand being thus operated upon, will tend to equalize the benefits to each party. But until this equalization is brought about, and while the supply remains deficient in relation to effectual demand, the consumer will be less amply supplied with some of those necessaries or conveniences of life which he wishes to obtain than he otherwise might be, or he must labour harder and make greater sacrifices in order to obtain them.

It is the interest of the community that those branches of industry should be most followed that yield the *best* returns. Not indeed the largest profits merely to the capital embarked in it, but the best remuneration to *all* the parties concerned. That it is the interest of the particular individuals engaged in the most profitable employments to follow those particular employments in preference to all others, needs no proof. A slight reflection will convince us that this must also be the public interest; and that the interest of the rest of the community would

be promoted by an additional number of persons embarking in these employments. When one branch of industry yields higher returns than the rest, the consumers are obliged to pay more for the article it affords, than they get for the articles which they give in exchange. It is only by increasing the number of persons in this branch, and making the competition amongst them more active, that the returns in it can be brought down to the general level of the returns procured in other occupations, and the consumer and producer thus placed upon an equality with each other. Since the interest of every individual consists in his not being made to pay a higher remuneration for the labour and capital of others than he himself gets for his own: or that his own labour and capital should be as highly remunerated as those of every one else; from this universal interest it results that the public good consists in no individual being worse paid than another: in other words, that an equal remuneration should be established in all the different classes of industry, in proportion to the skill and knowledge displayed by the workmen.

Mr. Babbage observes, "The class of workmen who make machinery, possess much more skill, and are paid much more highly, than that class who merely use it; and, if a free exportation of machinery were allowed, this higher and more valuable class would, undoubtedly, be greatly increased; for, notwithstanding the high price of wages, there is no country in which machinery can at this moment be made, either so well or so cheaply as in England. We might, therefore, supply the whole world with machinery, at an evident advantage, both to ourselves and our customers. In Manchester, and in the surrounding district, many thousand men are employed wholly in making machinery, which gives employment to many hundred thousands who use it; but the period is not very remote, when the whole number of those who then *made use* of machinery, was not greater than the number of those who now *manufacture* machines. Hence, then, if England should ever become a great exporter of machinery, she would necessarily contain a large class of workmen to whom skill would be indispensable, and, consequently, to whom high wages would be paid; and although

her manufacturers might probably be fewer in numbers, yet they would undoubtedly have the advantage of being the first to derive profit from improved machinery." *

In society, men are so intimately connected and dependent on each other, and each individual is so interested in the general prosperity, that the welfare of the whole is almost always more or less the interest of every part. It is the interest of every member that the whole society be numerous, powerful, and wealthy; that thus the general strength may secure it against enemies from without, while at home the numbers of the people may divide and lighten amongst themselves the public burthens, and their opulence enable them the better to bear them. Perhaps there is not a single class whose real interest can be promoted by the impoverishment of another class. Though every man is desirous of selling as dearly, and buying as cheaply, as possible, it is, nevertheless, the interest of those who sell, as well as of those who buy, that the profits gained on either side should not be exorbitant. Scarcely any man produces more than one article himself, while he consumes commodities to which a part of the labour of thousands has contributed: thus he has occasion both to sell and to buy. But a man cannot expect to sell his goods, unless other men have the means of purchasing them. And how are these means to be acquired, but by their producing something which either he wants, or which will readily exchange for what he wants? If other men are poor, they cannot purchase much of the article which he supplies. If their capitals are small, they cannot carry on their business to advantage; the articles they produce must be small in quantity, of inferior quality, and dear in price. Their disadvantage therefore is his loss: if a glut throw them out of employment, or destroy their capitals, he loses them for customers, he loses the supply which they afforded him of articles that he cannot produce himself; and eventually, through a want of competition amongst them, he has to pay dearer for similar articles than before. But the success of any branch of industry promotes that of all the others. To whatever pro-

* Economy of Manufactures, p. 300.

fession or business a man devote himself, he the more readily finds employment, and is the better paid, in proportion as others are thriving around him. It is the interest of the landlord that the farmer should not pay more than a reasonable rent, in order that he may be able to live upon the land, and not be induced to withdraw his capital from it; as well as that his capital should not diminish; for if this should be the case, he will not be able to cultivate the land to advantage, nor to pay so good a rent as ought to be paid for it. It is the interest of the agriculturists that manufactures should flourish; that the manufacturers should be numerous and well paid, in order that they may consume as much produce as possible. The opulence of a city or town always creates additional demand for, and raises the value of, the produce of the country. It is the interest of the agriculturists that the capitals of the manufacturers should be large, that they may be able to carry on their concerns to advantage; for in such case, their commodities will be good and cheap. On the other side, it is not less the interest of the manufacturers that the farmers should gain as well as themselves; that they should be wealthy, and able to cultivate the soil successfully; for this is the only way in which the market can be well supplied with provisions of good quality. The success of agriculture in a rich and populous country affords to the town numerous customers possessing wherewith to purchase largely. The position of a nation, too, in respect of neighbouring nations, is analogous to the relation of the country to the towns, or of one of its provinces to the others: it has an interest in their prosperity, being sure to profit by their opulence, and to suffer by their poverty.

It is obvious that it is not the *quantity* of commodities, but their *cost of production*, which influences supply and demand. The advantages derived from the exchange of commodities do not depend on the *quantity* which on one side exchanges against the *quantity* on the other, but on the labour and expense of their production. Accordingly, the existing relation of effectual demand and supply will never be disturbed by any alteration of quantity, so long as the cost of production on the two sides remains the same. Neither will this relation be altered

by any absolute increase or diminution of demand, provided there be a corresponding increase or diminution of supply.

Hence, as quantity is to be left out of the question, and the cost of production alone regarded, if the labour and expense of producing any commodity be increased, the subsisting relation between effectual demand and supply will be altered, unless the quantity of commodities against which it exchanges be in a corresponding degree increased. And *vice versa*, if the labour and expense of producing any commodity be diminished, its quantity must be proportionably increased, in order to its exchanging against the same quantity of other commodities as before. The same may be said likewise of the articles that on the other side constitute the demand. Let the quantity and cost of production of a commodity brought to market remain the same, while the cost of furnishing the commodities which it exchanges for is increased, then, the quantity of these commodities must be diminished; for their expense to the consumer being raised, the usual quantity could not be taken off without an increase in the effectual demand for it. And so, on the other hand, while the quantity and cost of production of a commodity brought to market remain the same, if the cost of furnishing the commodity which is given to purchase it be diminished, a larger quantity of this last commodity must be given; for otherwise the existing relation of supply and demand would be disturbed, and the profits of those who furnish the supply of this commodity would be raised.

Whence it appears, that there are two ways in which a demand for an increased quantity of any commodity may be created; namely, by an increase in the commodities to be offered in exchange for it, or by a diminution of expenditure in its production.

To adopt the language of Mr. Ricardo, "No man produces, but with a view to consume or sell, and he never sells, but with an intention to purchase some other commodity, which may be immediately useful to him, or which may contribute to future production. By producing, then, he necessarily becomes either the consumer of his own goods, or the purchaser and consumer of the goods of some other person." Commodities being only in

small part produced for the use of their producers, but being chiefly to be exchanged for other things of different sorts, according to their wants, it is obvious, that every man's purchases must depend upon his own production, and must necessarily be limited by it; since it is by this means alone that his power of payment is acquired. Increased production alone can enable him to buy more. Let clothing be the commodity the demand for which is now in question. If increased production has multiplied other commodities, they are to be parted with in larger quantities than before, and there will consequently be more offered in exchange for clothing: not perhaps for a *greater quantity* of clothes; it may be for clothes of *superior quality*. It is thus that production opens markets to produce.

The same result follows from a reduction in the cost of producing clothing. Competition, eventually, will not allow the manufacturers and makers of clothes to get higher profits than before; and thus a saving in the expense of producing clothing will in the end occasion it to fall in price, or to be exchanged for a less quantity of other things. Therefore, the same quantity of other commodities which the people possessed before, will by and by exchange for a greater quantity of clothes; or, which comes to the same thing, for better clothes. The circumstances of the people become improved equally by a reduction in the cost of producing clothing, and by an increase of other commodities. The commodities they produce, when offered in exchange, acquire for them, either more clothing, or clothing of superior quality; they are thereby enabled to wear more clothes, or to afford clothes of better quality; and thus a larger demand for clothing is the result. When the cost of producing any commodity is lessened, there is a reduction in the quantity of labour or capital employed; there is consequently a portion of labour or capital set free from production in this business, and at liberty to be employed in the production of other commodities. Hence the quantity of commodities in general is increased; and in exchanging one set of commodities against another, the supply, on one hand, is greater, and the demand, on the other, greater also.

Thus a good harvest is always favourable to the country at

large; though not always so to the farmer himself, whose profits in a good season, notwithstanding his larger crop, may not be more than in a bad one. But to every one else, the reduction in the price of grain affords the means of making larger purchases, both of grain and of goods in general. A bad harvest, on the contrary, hurts the sale of commodities at large. Thus it is also with the products of manufactures and commerce. The success of one branch supplies more ample means of purchase, and consequently opens a vent for the products of all the other branches; on the other hand, the stagnation of one channel of manufacture or commerce is felt throughout all the rest.

An effectual demand for a smaller quantity of any commodity is occasioned, likewise, by two circumstances; first, a diminution in the quantity of other commodities to be offered in exchange; secondly, an increase of expenditure in its production. Let clothing, as before, be the commodity assumed. If there be a diminished production of all other commodities, while the cost of producing clothing remains the same, people must contract their expenditure; they have not the means of purchasing the same quantity of clothing as before, and the demand for it must fall off in the same proportion as other commodities are diminished. Thus clothing remains unsold because other goods are not produced. The same effect must result, if, though the quantity of all other commodities be not diminished, the expense of producing clothing is increased. Clothing, in this case, cannot continue to be supplied, unless it exchange for a greater quantity of other commodities. As the people have not produced more than the usual quantity of other commodities, and more of them must be given for clothing, they must consequently do with less clothing, or less of something else: they will probably contract their expenditure partly in clothes, and partly in other things; and the effectual demand, either for clothing, or something else, is diminished. The occasion of the cost of producing clothing being increased is, because more labour or capital is required in its production. A greater quantity of labour or capital can only be applied to the production of clothing, by abstracting it from other employments. The whole quantity of commodities is therefore diminished; and

in exchanging one commodity for another, the quantities are less; that is, the supply is less, and the effectual demand is likewise diminished.

But while it is through increased production alone that increased purchases can be made, yet the conditions indispensable to a ready vent of commodities, which have been before spoken of, must not be overlooked; for it is possible that goods cannot be sold, not only because other goods are not produced, but either because they are unsuited in their kinds or qualities to the actual demands of the market, are in a relative excess of quantity, or because the prices asked for them exceed the means of the people to pay for the whole quantity offered.

Many commodities are exchanged, not for other commodities, but for labour. When *commodities* are brought to market, an effectual demand for them, or that demand which is sufficient to keep up the supply, must consist of an equivalent for the expenditure of materials, the wear and tear of tools, machinery, and buildings, with a surplus sufficient for the subsistence of the labourers, and to afford some remuneration for the use of the capital employed. A similar rule applies to *labour*. But labour is distinguished from commodities, in that, though an expenditure is required to produce and bring it to market, it is not, in the commoner kind of labour, *capital* which is thus expended or employed; that is, nothing is expended with a view to future profit (except in slave labour); there is therefore, in this kind of labour, nothing required for the expenditure of materials and the use of capital. An effectual demand for a given quantity of common labour, therefore, consists in the offer merely of a quantity of things required to maintain this quantity of labour in such a way as to keep up the supply; that is, to satisfy the labourer and induce him to continue at work; to enable him to rear children, and give them that instruction which shall fit them to supply his place when death or infirmities shall terminate his own labours. It is the same with commodities. A commodity may sometimes be sold in the market for an equivalent only for the materials and the subsistence of the labourer, without including a remuneration for wear and tear of tools and machinery; but if the demand continue so low as to

allow nothing for this wear and tear, when the tools and machinery shall be worn out, there will be an end of production. So, labour may sometimes be procured for the cost of the bare subsistence of the labourer himself; but this is not an effectual demand, and without something more, the race of labourers must ultimately become extinct, and labour itself must cease. In acquiring skill or knowledge in any art or profession, an expenditure of capital is incurred, and a remuneration must be given for this expenditure, in addition to the necessary subsistence of the labourer so skilled, equal to the customary rate of profits on the sum expended; taking into account also the limited duration of his life and ability to continue labour. Less than this will not constitute an effectual demand, or keep up a continued supply.

Skilful labour, when directed to the production of suitable objects, and offered at no higher rate than the free competition of the market determines, furnishes an effectual demand for everything; and an increased supply of such labour must furnish an effectual demand for an increased quantity of other things, to an indefinite extent. We have seen that labour bestowed on natural productions is the only source whence a supply of the necessaries and conveniences of life can be derived. These productions are of no use without labour, and labour is of no use without them. Whoever owns more than he has occasion for of rude productions, or of the soil whence they may be procured, will be willing to exchange these against labour, without which they are useless; and whoever has labour, and no rude productions whereon to bestow it, will be willing to exchange, either a portion of his labour in exchange for some of these productions, or the whole of his labour in exchange for commodities whereon labour has already been bestowed. Capital, machinery, and tools, are useless without labour to superintend or use them. Store of subsistence for labourers will produce no profitable return without labourers whereon to expend it. Labour of one description furnishes an effectual demand for labour of another description. A teacher, an actor, a singer, though generally accounted an unproductive labourer, furnishes an effectual demand both for commodities, and for the labour of those who produce them. In labour, however, with

these exceptions, there must be the intervention of some rude production, and some capital; because without some national object whereon to bestow labour, it cannot be realized in any permanent and tangible form, and without some tools, the unassisted labour of the hands can produce little that can be desired. Labour being the essential requisite to the acquisition of every object of wealth, and the desires of mankind being unbounded, there can be no superabundance of labour on the whole, except from a scarcity in the productions of nature whereon to bestow it. But it must be skilful labour, and labour of different descriptions, and these in certain proportions to one another, according with the wants or desires of the people. If the portion of any one description exceed the want of it, a scarcity of employ for that description will follow, and the excess will not be effectually demanded. An effectual demand for an increased quantity of labour cannot be occasioned, unless there be an increased quantity of the several articles on which labour is bestowed and on which it is maintained; and a diminution in these articles must produce a diminution of effectual demand for labour.

Gluts of commodities, though produced by different causes, yet are the same in their effects, from whatever cause they may have proceeded.

A glut of a particular commodity not only involves a severe loss and sometimes ruin to the master-producers of it, through a fall in its price, but usually occasions a stagnation of their business for a time, and, through such stagnation, brings distress upon the workmen. The effects of the loss sustained by the masters through this fall of price, and those which proceed from the suspension of industry, are different: the former has some compensating benefit to the consumers; but the latter is an evil of an unmixed character, and which spreads its disastrous consequences further than is usually imagined.

The fall in the sale price of the redundant commodity deprives the master of the means of replacing his capital, and by diminishing that capital, renders him in future less able to conduct his business with advantage. Thus cramped in his exertions, the commodity by and by will be less amply furnished and of inferior quality; in consequence of which the consumers must

ultimately suffer. In the mean time, however, by the reduction in price, the consumers gain the whole amount of the loss sustained by the producers. Consequently, they have a surplus left of their incomes after consuming their usual quantity of the redundant commodity, which enables them to take off a somewhat larger quantity of this, as well as of other commodities. The demand for commodities on the whole is the same as before; for, as much as the producers of the redundant commodity are obliged to curtail their expenditure, through a falling off of their profits and wages, the consumers of it are enabled to enlarge theirs in a corresponding measure: it is only a change of the particular parties who consume. But the mischief is, that, during the fall in the price of the redundant commodity, and until the cost of producing it is brought down, by a reduction of wages and charges, to the level of the reduction of price, a destruction of capital is going on. For, notwithstanding that the advantage to the whole of the consumers from the reduction of price is equal to the loss to all the producers, while the loss on one side is a dispersion of accumulated capital, the saving on the other side is almost wholly expended as revenue, in procuring additional articles of consumption. This saving is divided amongst an immense number of consumers, is very small to each, and is seldom accumulated into capital to compensate for that which the loss to the producers has destroyed. If all the producers were to appropriate this saving to form capital, the amount of capital would remain the same, and be merely transferred from the producers to the consumers. But as the number of persons who save, or who increase their savings through a partial diminution of their expenditure for any article, is small in comparison of those who do not, the destruction of capital is nearly equal to the whole loss sustained by the producers. Thus capital, instead of existing in a state of accumulation available for augmenting the produce of industry, is dispersed abroad, is consumed as revenue, and wholly disappears.

More serious consequences, however, follow from the suspension of industry occasioned by a glut of particular kinds of commodities. Although it may be said to be only a negative

loss, in failing to acquire what might or ought to be acquired, yet it is of greater magnitude than the positive loss sustained by the producers of these commodities, and ending in a destruction of capital. We see that the producers of these commodities are thrown out of employment; but the evil is not confined to their ceasing to produce anything themselves, for the stoppage of their work causes a stoppage also of the work of all those persons who are dependent on, or connected with, them in business. The producers of the commodity which exists in excess cease to require materials, tools, and other articles for further carrying on their trade; and again, they are unable to purchase and consume their accustomed quantity of provisions and other articles of subsistence. This stoppage of their demand for materials, tools, and articles of consumption, cannot but throw out of employment those persons who have been in the habit of supplying them with such articles. Consequently, these last persons are involved in the same misfortune with the first; and, to a glut of one commodity, is added a glut of two or more others. Neither does the mischief stop here; for these last persons have, in like manner, been in the habit of purchasing and consuming commodities produced by other persons; and when, through a suspension of their industry, they are deprived of the power of purchasing these commodities, the mischief is extended again to a third set of persons, who are the producers of such commodities; and so, passing successively from one set to another with whom they are connected, it becomes repeated and extended to an amount which cannot be computed, producing a glut of a great number of commodities; and thus the working of the whole machine of social industry becomes embarrassed from the stoppage of perhaps only one of its parts.

Violent fluctuations in the relation of the supply to the effectual demand of particular articles, are the more injurious in proportion to the largeness of the consumption of the article, as in the instance of corn, and other necessaries of universal consumption; and their effects spread wider in proportion to the prevalence of the practice of giving credit, or carrying on business to a greater extent than the actual capital of the party allows; because, in this case, his loss, being to a larger amount,

is heavier, and his failure involves a loss to many others to whom he is indebted.

A redundant supply of manufactures, occasioned by improvements in the productive powers of industry, after occasioning temporary embarrassment and distress, and turning some persons to other employments, is in general followed by an increased consumption, or rather by an increased consumption of articles of superior quality or fineness, so as to afford nearly the same effectual demand for any particular article as before. It is the same with an increased supply of corn, produced by the like circumstances. Though the rich do not, in consequence of a fall of price, eat more bread than before, yet the poor eat more bread, and that of finer flour; and those who previously lived on potatoes are enabled to procure bread; more beer and spirits are also drank; so as to take off the whole supply, though much greater than before, and thus solid advantages to the society at large are conferred. But a redundant supply of corn, occasioned by inequalities in the seasons, and a continued succession of more than average crops, being of a temporary nature, would not be followed by the same compensating advantages; and any attempt to remedy the evil at first produced by altering the previous distribution of industry, would only serve to protract and aggravate it. In this case, after a portion of the growers of corn had abandoned tillage, and engaged in other employments, a succession of deficient harvests might occur, and render the supply of grain as defective as it had before been redundant. But a deficient supply of so important an article of life as corn, is in effect the same thing as a redundant supply of all other commodities. Perhaps there is no single cause which operates so injuriously on the prosperity of a country as a fluctuating supply of corn. Unless the quantity of this important article be in some degree uniform, it is impossible to preserve that justly proportioned production which secures for every commodity brought to market a certain and a profitable vend.

During a glut of any main commodity of life, and consequent stagnation of trade, there is one class which derives advantage from the general distress. This class consists of those whose property is in money. A glut and stagnation of trade are

always attended with a great demand for money. They are usually accompanied, and in great part aggravated, by a general alarm and want of confidence. The failure of a few renders all suspected, and people are desirous, rather to realize their property in money than to extend their purchases and carry on trade at great risks. They will sell goods, even at a loss, if money can be procured for them, in preference to keeping them, with a prospect of their falling still further in value. Those persons who have been in the habit of procuring loans of money by discounts or otherwise, to assist their business, have this assistance lessened or withdrawn; they are in consequence compelled, in order to meet the demands upon them, to sell the stock they have on hand, however heavy the loss; and, though prices are low, no one speculates. Hence, a universal demand for money, and a fall in the prices of commodities. This fall in money prices is the same thing as a rise in the value of money, and gives the monied capitalist a greater command over the necessaries and conveniences of life. But this is not all. From the destruction of capital which a loss to the traders occasions, the general demand for money to provide against the temporary pressure increases; and from this cause, coupled also with the fear of lending, money becomes scarce, the rate of interest rises, and the monied capitalist not only gets a greater quantity of commodities for the same sum in cash, but obtains a higher return of interest for the money he advances in the way of loan, or a larger rent for that which he invests in the purchase of real property.

The measures that are likely to lessen or avert the evils occasioned by stagnations in trade, and the want of a profitable vend for the commodities produced, are,—

First, to leave as much as possible everything relating to production, interchange, or industry in general, to itself, and to the operation of natural causes. Natural causes may, to a certain extent, be foreseen, computed, and provided against, but the decisions of statesmen cannot.

The second is, to extend as much as possible the market both for the sale and purchase of commodities; and not less for their purchase than for their sale; for an impediment in the way of purchasing a commodity is only another name for an impedi-

ment in the way of the sale of the equivalent which would otherwise be given for it. It has frequently happened, (and the frequency of the occurrence may warrant a general remark,) that the seasons in the northern and southern parts of Europe, are, for the most part, at one and the same time opposite to each other in character. When it has been wet in Spain and Italy, it has been dry and fine in England and Germany; and when it has been wet in England, it has been dry in Spain. When the harvest has been abundant in the north, it has fallen short in the south; and *vice versa*. We know that, in the same country, seasons which are good for the wet lands, are bad for the dry; and the reverse. In two countries, or provinces, whose seasons in one year prove abundant to one and scanty to the other, nothing more is necessary to avert the glut of produce in one, and its scarcity in the other, than to extend the market to both. Nature formed man for society, and both religion and policy dictate a mutual intercourse, a mutual communication of knowledge, and reciprocal interchange of good offices. But statesmen have thought to benefit one country by impoverishing another; jealous of the prosperity of other countries, they have sought to shut up and keep the advantages of a country to itself; to deny intercourse with others, except only when the advantage was supposed to be all on one side, and all the loss on the other; as though anything could be lost by trade, and as though more were to be got by having poor neighbours than rich ones. All such attempts can end only in loss to the country which makes them, as much as to the country they are intended to overreach. The smaller any market is, the more frequent and sudden must be the recurrence of gluts in different commodities. The market of one country may be often overcharged with some particular commodity, and a great depreciation take place. But with the market of the world before it, the over-production of one country may be compensated for by the falling off of production in another, and when a depreciation does take place, it must be gradual, and many years may elapse before any considerable alteration of price occurs. In this case, those persons who are in the trade are not suddenly thrown out of work and compelled to seek for other employment, but fresh

workmen are deterred from entering it; and as the old ones die off, or leave, as opportunity offers, the supply becomes gradually lessened to the effectual demand, without severe loss or inconvenience to any party.

More important than in any other article, on account of the greater extent to which its advantages reach, and on account of the more frequent recurrence of gluts and deficiencies, is, an extended market for corn, and a perfect freedom in the trade of this most essential but precarious article of subsistence. More extended, too, and greater are the evils, which, on the other hand, are occasioned by a confined market, and a restraint on the trade in corn. The production of wrought goods may be so regulated as to be nearly a constant quantity, and precisely adapted to the demand and consumption; but this is impossible with the produce of the soil. However much attention may be given to apportion the supply to the demand, the inequalities of seasons will inevitably occasion a fluctuation in the supply of grain; rendering it at one time too large, and at another too small, for the consumption. It is not to be denied that the supply and price of corn cannot be exactly uniform. The variation in the seasons will occasion an inequality in the supply and price, which the utmost freedom in trade both internal and external cannot wholly prevent: a variation in years of scarcity and plenty should not be entirely prevented.

In a confined market, the profits of the farmer are obtained chiefly in years of scarcity, while he gains only ordinary profits in years of plenty. If the supply of corn in any year be reduced one half in quantity below the average, the price rises to more than double; and the whole quantity, though small, sells for a larger sum than the greater quantity before. On the other hand, if the quantity in any year be double the average quantity, the price falls to less than half, and the profit on the whole is comparatively small. In an extended market, the profits of the farmer are made chiefly in years of plenty. The freedom to export, in fruitful years, relieves the market from the extreme depreciation of price which the superabundance would otherwise occasion; and the freedom to import, in years of scarcity, while it relieves the people from the exorbitant price

they must otherwise pay, at the same time must save the farmer as much at least as the expense of transport of foreign corn, and thus in some degree counterbalance the loss from the diminution of quantity. If the price of corn were the same in years of scarcity as in years of plenty, the natural circumstance which regulates the exchange of one article for another, according to the cost of production, would be destroyed; and the violent fluctuations in the profits and losses, and amount of capital of the agriculturists, must occasion injurious effects on the steadiness of the trade and wealth of a country generally, considering the large amount of these profits and losses, and of this capital, and the great proportion which they bear to those in other branches of industry.

A third circumstance necessary to preserve a steadiness and uniformity in the supply of commodities, and a profitable vend for them when produced, is, a steadiness in the amount and value of the currency. A paper currency, as it depends on public confidence, is liable to sudden changes; especially when the security offered for its repayment is exceptionable, or when it is issued in immoderate quantities. Its value may be lost and its currency destroyed in an instant. Without an alteration of public confidence, it is liable to be increased or diminished from time to time, occasioning great differences in the quantities of commodities produced, and an entire derangement of the market. When the currency is increased, there is a great facility of borrowing money; some traders are induced to extend their business beyond the means of their actual capitals, and to manufacture in larger quantities than usual, while others who have not this accommodation offered them continue to produce and send to market only their usual quantity of goods. If these two quantities are to be exchanged against each other, the supply and demand become deranged, and a loss to one party ensues. The abundance of money at first, when measured with the ordinary quantity of commodities it has to purchase, causes money to fall in value, or, which is the same thing, commodities to rise. When a currency is reduced in amount, the scarcity of it raises its value, and goods fall in price. Whoever borrows when money is plentiful, and is called upon to

pay the same nominal sum when it is scarce, has therefore to pay with what is equal to a greater quantity of commodities, than that which the sum borrowed would purchase when he received it. It is the same as though he had borrowed a quarter of wheat in a year of plenty, and were called upon to pay a quarter of wheat of equal quality in a year of famine.

A fourth circumstance essential for preventing gluts, or mitigating their effects when they occur, is, to afford every facility for borrowing money and assuring its repayment; for selling, conveying, and mortgaging property; and allowing the rate of interest of money to be determined by the free competition between borrowers and lenders. The more easily money can be borrowed, and a valid security given for its repayment, the less likely is the market to be at any time seriously overburthened with goods, from a necessity of turning them into money to answer urgent demands. Money, like everything else brought to market, is liable to vary in value and in the rate of interest, and should, like other things, be left to find its own level. Usury laws, though intended to protect the borrower, prove, in times of distress, the most serious inconvenience to him, compelling him to pay a higher interest than he otherwise would do, in consequence of the risk which the lender runs, from the illegality of the transaction; and for which risk he must be indemnified at the expense of the borrower. The more easily property can be transferred, or money borrowed, on its security, the more easily will capital and workmen pass from those occupations in which they are in excess to those in which they are deficient, and the shorter will be the period during which commodities will be brought to market in undue proportions to each other;—on one side to be sold at a loss, and on the other at what is equivalent to an exorbitant gain.

CHAPTER XVI.

OF MONEY.

SECTION I.

Of the Functions, Properties, and Origin of Money.

NATURE or art, and circumstances of a personal or local character, enable one man to produce some particular article, or perform some particular kind of work, with greater ease or of better quality than other men; while, in like manner, other men by the same means are enabled to produce some other articles with superior advantage. Hence the origin and reason of the division of labour; and when an exact distribution of employments is established, there are few persons who produce more than one single description of articles; the greater part not doing even so much as this, but, performing only one simple operation, their labour serves only to add one stage of advancement in the progress of an article towards completion, in which progress the combined labours of several other persons are occupied, in carrying the article through all its stages, and completely finishing it for use or consumption. It is therefore but a small part of a man's wants which the actual products of his own personal labour can supply. He supplies the far greater part of them by exchanging that surplus of these products, which is over and above his own consumption, for such of the products of other men's labour as he has occasion for. Thus men live by exchanging; and almost all the products of industry arrive at the consumer by means of exchanges.

We have seen that the division of employment, the acquisition of knowledge, moral, intellectual, and physical, the existence of capital, and the means of supporting a large population in affluence, are dependent on the exchange of commodities and labour of different kinds for one another. To effect these exchanges

involves a labour, which, before the invention of money, must have been attended with difficulties and embarrassments of nearly insuperable magnitude; but which are removed by its employment. The invention of money, therefore, must be ranked as one that stands conspicuous amongst those methods which the ingenuity of man has found out to lighten his labour, and raise its efficiency to the highest point. It is of so early a date, as to have been attributed by the Jews to Cain; with what probability, however, it is of small moment to inquire. The functions that money performs, the mode in which it assists in effecting exchanges, and removing the embarrassments under which industry would otherwise labour, as well as the mode in which it produces the various effects that its employment occasions to society, constitute part of the subjects connected with social industry, the consideration and development of which belong to national economy; and the proper understanding of which, is essential to elucidate many otherwise obscure topics connected with it, to remove prevalent misconceptions, and to form just conceptions respecting them. This branch of the subject, in consequence, is worthy of a deliberate attention.

The different functions which money performs, cause us to regard it in two different points of view;—as a practical standard by which the value of all things is measured and expressed, and as an instrument of exchange.

The advantages which the use of a circulating medium confers on mankind, may be understood by reflecting on the circumstances in which they would be placed were that medium wholly withdrawn, and all commercial transactions performed by the simple mode of truck or barter in kind, of commodities and services of different sorts directly against each other, as is still the practice in some uncivilized nations.

The power of exchanging things of dissimilar magnitude and character for one another, by a barter in kind, is very limited. If we had to procure all the things which we consume by exchanging other things directly for them, the difficulty which would be experienced of procuring them in suitable quantities, and at seasons to meet our desires and means of payment, would be so great, and the inconveniences attending it so many, as to

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be almost beyond conception. In every purchase which a man might be desirous of making, it would be necessary first to offer the article he has to dispose of to the party who happened to be possessed of the commodity desired to be purchased. But this article might not be at the time in request with him, or might exceed his means of payment. He might be as desirous to dispose of his commodity for something else as the other to purchase it; but if this last person have nothing that the first stands in need of, the want of a reciprocal demand must prevent their dealing together, and no exchange can be made between them: the article must be sold for something that he does stand in need of, before the purchase can be effected.

For example, if a farmer having an ox or a sheep to sell, and being in want of clothing, should attempt to exchange one or other of them for cloth, the clothier to whom he might apply, though he might be desirous of parting with his cloth for some article or other, might, however, be unwilling to dispose of it for either an ox or a sheep, which might not be wanted for his family's immediate consumption, and which he would, probably, not know what to do with. Even if he were in want of meat, he might not be in want of a whole ox or a whole sheep at a time, and might be unable to pay for it at once. The farmer would therefore be unable to procure a supply of cloth from this man, and must go to some other clothier. But an ox or a sheep is so unlikely to be suited to the wants of a clothier, that it is probable no one in the trade would be willing to take either. In such case, the farmer must ascertain what article some one of them is really in want of. Suppose this article were shoes. He must then proceed to the shoemaker, and endeavour to barter his ox or sheep for shoes, with which he may afterwards make an exchange for cloth. But neither is it likely that an ox or a sheep should be better suited to the wants and means of payment of the shoemaker than of the clothier; and here the same difficulty would arise, with an equal prospect of being overcome. As no business could thus be done with the shoemaker, the farmer must learn what article this man stands in need of. He must then go about till he find some one in want of an ox or sheep, and who possesses something that would suit the wants of the shoe-

maker. Having procured this as a preliminary to his future negociation, he must return to the shoemaker to get the shoes wherewith to go to the clothier to purchase the cloth that is wanted. Then again, if the ox or sheep and the article to be bartered for it should be of unequal value, and this article cannot be divided, another difficulty must arise in making up on either side the inequality in something which is useful to the other party. Afterwards, the same difficulty must be got over in exchanging this article for shoes; and again, in exchanging the shoes for cloth. Credit and confidence might, indeed, enable men to surmount some of the difficulties now mentioned, but not so effectually, nor with the same security, as the employment of some article, like money, in itself divisible, universally sought after, and everywhere recognised as an equivalent for every thing purchaseable.

Neither are these the only obstacles that must be overcome in effecting exchanges, without a circulating medium. As there would then be no general standard by which the value of things was uniformly estimated, another difficulty would present itself in ascertaining with sufficient accuracy the relative values of the goods to be bartered. The value of different commodities cannot readily be determined without referring them to some common measure. Money now is the uniform standard of value, and it is easy to refer separately to this standard both of the articles to be exchanged, and ascertain how much each is worth in money; thus immediately, and with precision, indicating the difference between them. But without this standard, how would it be possible, in the case before supposed, for the farmer to ascertain with sufficient exactness amongst a great variety of objects the quantities of each that should fairly exchange against one other? At present, he knows how much *money* his ox or sheep should sell for; he knows, too, how much money should be given for those articles which he himself is in the habit of consuming; but when the value of his ox or sheep is to be measured by pairs of shoes, or yards of cloth, or perhaps a thousand other things besides, and when he must exchange the produce of his industry, not for such articles only as he himself is in the habit of using, but also for things that he, perhaps,

never saw before, and which are required in the trade of a shoemaker, a clothier, and fifty other trades besides, it is impossible he should know the relative values of all these. Not having any established practical measure of value, it would be difficult in adjusting the terms of exchange, to recollect how many pairs of shoes are a fair equivalent for a sheep; how many yards of cloth should go for a pair of shoes; and so on of all the other commodities which he would have occasion to purchase in order to meet the wants of the different persons whose articles he stood in need of. If these should not be recollected, an inquiry would have to be made to ascertain their comparative worth, either from the quantity of labour and capital expended in their production, or the relation of the demand to the supply of the articles; first, the relation of the amount of labour and capital bestowed on the production of the ox or sheep to that required for the production of the article against which one or other of them is to be bartered; secondly, the relation of the cost of production of this last article and of the shoes it is to purchase; and thirdly, of the relation of the shoes to the cloth which they are intended to purchase. All these must be ascertained before the farmer can be certain of making such a profitable exchange as shall enable him to live by the fruits of his industry.

Intricate and tedious as this process may appear, it is one of the least difficult of those operations which every man would constantly have to perform in procuring a livelihood, by bartering in kind his superfluities for the superfluities of others, in a country destitute of a circulating medium.

The course would most commonly be more intricate and laborious in successively bartering goods till at length they procured that particular commodity which was wanted. Those cases are the simplest and easiest in which the goods are completely fitted for use; but how much more difficult and laborious must be the operation in cases where the labourer adds only a stage in the progress towards the completion of an article, which, besides his own labour, requires that of several other persons to finish for use! In the manufactories at Sheffield, it is said, that in making a common table knife from the rough state of bar iron

or steel, there are as many as twenty different workmen employed in the several processes through which it passes; to say nothing of the previous processes necessary to procure the iron in this state. With what chance of success, then, could a man who possesses a quantity of rough pieces of iron or steel partly formed into knives, and which require the labour of nineteen other persons to render them fit for use, expect to succeed in a barter of these for bread or meat, or any other necessary of life? These rough pieces of steel are of no use to the baker or butcher, from whom a supply of bread or meat may be sought; they can be of no value to any one but to the man who adds the next process in the workmanship, and who himself can neither supply bread nor meat, nor any other article of subsistence, in exchange for them, since he produces none such.

The difficulties which must thus occur in transacting almost every part of the commonest business of exchange, from the difficulty of finding a person willing to take the commodity to be disposed of, and able to pay for it; the multiplicity of exchanges that must therefore be made before we arrive at the last one, which is to furnish the article we wish for; the difficulty of making up on either side the difference when the values of the articles to be exchanged are unequal; and the impossibility of knowing the relative values of so many different things, altogether out of the line of business to which a man is accustomed; and measured, not by one uniform article as money, but by each other: these, together, must render the effecting of exchanges so laborious, as to equal, and, in many cases, exceed, the labour of production itself; and must render it the interest of persons to produce for their own consumption the greater part of the commodities they require, and thus annihilate the benefits which a division of employment procures.

The solid advantages which the establishment of a convenient medium of exchange insures are such, that all the difficulties which have now been adverted to, which would clog and embarrass our operations, are at once obviated; the business of effecting exchanges is rendered simple and easy, and the distribution of employments and subdivision of labour become perfectly established, with all their advantages in augmenting the productive powers

of industry. Such a medium, being once established, becomes universally acceptable to every person and at all times, from its aptitude to help every one towards the specific object of his desire. When a man has occasion for any particular article which is to be disposed of, he has only to offer a certain portion of this medium for it, and it is sure to be procured; or, if he have none of the medium by him, to sell what he has to part with for some, and with this the article is immediately purchaseable. Such being the use of this medium, no one ever refuses to exchange what he has to dispose of for it, though he should have more by him at the time than is sufficient for immediate use; knowing very well, that it will everywhere and at all times be certain of readily procuring by only one act of exchange whatever else he may require, and which the market affords.

Besides this, the medium forming the only standard or measure of value with which the value of all other things is compared, people become familiarized with its relation to other things, and purchases or sales are effected with a knowledge of the exact equivalent given or received, and, consequently, of the measure of resulting advantage or disadvantage. By such means, the inexperienced are placed nearer on a level with those who are more expert, and are protected in a measure from an undue advantage being gained against them by designing persons.

A circulating medium is in more active use, and the necessity for it is greater, in proportion as labour becomes more and more subdivided, and in proportion to the quantity and variety of the products of industry, and the multiplicity of individual wants. Such a state of society not only gives rise to expedients which render money more completely adapted to its purposes, but calls for them in order to its existence. In a rude state of society, in which every man produces himself the greater part of the articles he consumes, and in which his wants, in correspondence with his means, are few and simple, there is but little occasion for money to assist in effecting exchanges; because these exchanges themselves are few. But in an advanced state of society, when labour becomes greatly subdivided, and a man makes but one single article, or perhaps but a small part of any one article, which, besides his own labour, requires the

labour of many other persons to complete; while even the poorest man requires for the supply of his wants the contribution of such a multiplicity of different sorts of articles, and different sorts of labour, as are beyond computation; in such a state, the quantity of the produce of a man's own labour that is suited to his use is little, or perhaps none at all. When the labour of the greater number of persons produces nothing which is complete and fit for use, the whole of it must be disposed of. The articles produced by any man, too, not being fit for use, cannot be acceptable to the particular persons who may be able to furnish him with the finished goods which may be required for the supply of his wants, and personal consumption and barter in kind become almost impracticable. In such a state, trade and commerce are in their highest activity, and the complete adaptation of the circulating medium to its uses becomes an essential article in commercial policy.

Viewing money in the light in which it has now been attempted to exhibit it, we cannot deny that, amongst the instruments that industry employs, it is one of those which act a most important part in saving and facilitating labour; both as an equivalent for everything of value, and as a standard by which the value of everything is readily estimated and expressed. The smallest reflection is sufficient to convince us that no single tool, even the most powerful, that industry employs, supplants so large a quantity of labour as money, and certainly there is none the advantages accruing from which, direct and collateral, are so immense. A circulating medium, indeed, of some kind or other is absolutely necessary to the existence of society in that fortunate condition in which it is now placed. Without it, the effective powers of labour would be reduced to the lowest ebb of feebleness; and as the quantity of the necessaries and conveniences of life which in such case labour could procure would be at an immeasurable distance below what it now acquires, the amount of population that it would be able to support would be reduced in the same proportion. The greater number of the arts of the present day, which can only be carried on by a division of employment and the interchange of commodities, must be abandoned. With the annihilation of commerce and

the arts, knowledge and wealth would disappear; and, instead of opulent and populous nations, we should see ignorance and poverty, with their attendant train of vice, misery, and famine, spreading their desolating and depopulating ravages around us.

Such being the inconveniences attending the exchange of things for one another in the absence of a circulating medium, and such the facilities to industry which that medium affords, it is not surprising that at a very early period men should have sought out, and endeavoured to retain at all times in hand, in addition to the peculiar produce of their own industry, a quantity of some one commodity or other, such as they imagined few people would be likely to refuse to take in exchange for the produce of their industry. Accordingly we find, even as early as the days of Abraham, that silver was in use for this purpose; the field of Ephron having been purchased by him for "four hundred shekels of silver, current money with the merchant." But notwithstanding that silver was known, and in use as money, at so early a period, and before the division of labour could have been established to so great an extent, yet in other countries, in periods considerably less remote, and in uncivilized countries even to the present time, commodities which are much less suited to the purpose have been and still are employed as a medium of exchange.

In the rude ages of society, cattle have been a common instrument of commerce; and though they must have been a most inconvenient one, yet, in old times, we find things were frequently valued according to the number of cattle which had been given for them. The armour of Diomede, says Homer, cost only nine oxen; but that of Glaucus cost a hundred oxen. Among our Saxon ancestors, also, cattle were the common mode of appreciation: the fines imposed for offences by their laws, were of so many oxen or sheep, according to the offence. Salt is said to be the common instrument of exchanges in Abyssinia. On the river Gambia, bars of iron served, at one time, for the same purpose. In the Maldive islands, and in some parts of India and Africa, a species of shells, called cowries, are a current money. Amongst other articles, tobacco, sugar, cocoa nuts, dried cod, pieces of leather, nails, and glass bottles, have

been enumerated as employed in different places as money. The unsuitableness of these articles for a medium of exchange, and the inconveniences that must have attended their use, are abundantly evident. In almost all countries, however, the common consent of mankind has at length given the preference, for the purposes of money, to the metals above every other commodity. Different metals have been made use of by different nations for this purpose. Iron was the common instrument of commerce among the ancient Spartans; copper among the ancient Romans; and gold and silver among all rich and commercial nations.*

Though money is eagerly sought after, yet it is not desired either for its own sake, or for the sake of the gold and silver it may contain. A man who has goods or labour that he does not want, and which he is desirous of parting with for their value, while there are other goods or other labour which he wants or will shortly want, parts with what he has to dispose of, not directly for these other goods or labour that he wants, because probably the party willing to purchase the goods he has to sell, is not the party who can furnish what he wants, and accordingly the bargain is made with any person for money, which he takes for the commodities parted with, as being always sure to be acceptable to every one in possession of anything that he may require. But the money itself, not being an article of consumption, is not desired as such; since it is of no use either for food, for clothing, for household use, or ornament. When acquired, it serves for no purpose but for re-sale, as it were, and re-exchange for something else; and is a mere intermediary object between an object in possession and an object of desire. In short, its use is for nothing but to facilitate exchanges of property and labour of different kinds, and to assist in making our estimates of value; while it passes through the hands without sensible diminution or alteration. As a tool or implement of industry, its use is similar to that of a vessel or convenient receptacle in which temporarily to hold and retain the value of the things previously possessed and now parted with, until that value is wanted or can be employed in procuring other things that

* V. Wealth of Nations, Book I. ch. 4.

are desired in exchange for it. Money serves a purpose somewhat similar to the carriages and vessels, or the high-ways and canals, which facilitate the transport of goods. Money assists in the *exchange* of the goods, and the carriages and other things mentioned, in their *conveyance to the place of destination.* As an agent of industry, money is employed to pay the rent of land, the hire of capital, and the wages of labour; it is employed, likewise, to purchase the tools, machinery, and raw materials of the arts; but it is only so employed intermediately: the goods or labour which purchased the money must first have been created or exerted; for the money, like a carriage, vessel, or tool of any other kind, can produce nothing itself. It has a definite function to perform, which, when performed, realizes all that we expected from it, and all that it is susceptible of; for it is of use no further.

Since, then, money is not itself an article of consumption, domestic use, or ornament, and since, as an agent of industry, its only use is to circulate and exchange commodities and labour of different kinds, and thus free industry from wasting itself in the labour of exchanging these commodities and services directly against each other by the difficult and circuitous process of barter, there is no other purpose to which it is applicable. It is not itself a commodity that can contribute to the enjoyment of mankind. It is not land, from which industry may raise or draw raw materials to fabricate into articles for use; it is not raw materials themselves, nor labour; neither is it convertible into either of these, in any other way than by exchange. Whatever, then, may be the quantity of money which is sufficient to answer the purposes of money, as now described, if this quantity exist in any country, it is enough. To increase the money of that country beyond this, were nugatory and useless; the largest quantity could do no more; no increase of commodities would follow, and the opulence and comforts of the people could not be increased thereby.

If this fact had that weight which is due to its truth and importance, the attempts that a mistaken policy in former periods, and which is still pursued in some countries, has made to enrich nations by unnaturally inducing the importation of

gold and silver, laying restrictions on their exportation, and thus forcibly stopping their natural current, would appear absurd. Such attempts could only end in impoverishing, instead of enriching, the people subjected to their operation. Money, like water, if left free, is sure to find its level, and to flow in those channels which most conduce to the interest of the individuals and nations concerned. If diverted from these channels, it will prove of less benefit in proportion to the degree in which it is so diverted from its proper course. When a forced accumulation of money is made in any country, it becomes depreciated in value, like an inconvertible paper currency, driven into circulation in excess of quantity. When money is exported, it is, doubtless, for the purpose either of paying for merchandise of a value equal to itself which have been purchased and imported, or are to be purchased and imported; since it is not given away for nothing. Nay, the value of the things purchased or paid for must be somewhat greater than that of the money; for people will not be at the trouble of exchanging money for goods unless they are to gain something thereby. But if the money cannot be exported, the excess of its quantity which is useless at home, cannot procure the articles that are desired from abroad.

The property which a material may possess of being in universal request, and serving as a medium of exchange, is a property not necessarily inherent in the material itself, but is given to it by common consent. Like value, it is, strictly speaking, not a quality of matter, but an affection of mind; and may be assigned to any material, as paper, leather, shells, equally with what we call the *precious* metals. The material, therefore, of which a circulating medium is composed is in some sense unessential. Some things, however, are much more suited to form the material of this medium than others, from possessing the requisite qualities of money in a more perfect degree; being more convenient in use, or attended with fewer inconveniences.

The essential properties which are required in a medium of exchange are, first, that it be in such universal estimation and request as to be certain at all times of freely exchanging in the market against whatever commodities or services may be

there for sale. In order to this, it must not only possess value, but a certain permanence of value; both from the imperishableness and unalterability of the material itself, and from the uniformity and steadiness of its supply in the market: it should be a value, too, which may be easily known and recognised alike by all. Secondly, portability, and facility of transport from place to place, and of circulation from hand to hand. Thirdly, divisibility without injury into minute and precisely definite portions, with capability of reunion without change of properties or material loss of value.

Now the metals of which our coinage is composed possess individually and conjointly all these properties in the highest perfection. Gold and silver, especially, possess them in so striking a manner as to afford matter of astonishment at their being so admirably adapted in every respect for the purpose of money. They seem to possess all the qualities that can be wished for, and in their fitness appear almost to equal the works of nature itself, as though they had been formed expressly for this purpose.

In all ages and in all civilized countries, these metals have been so exceedingly rare, and been held in such high estimation, as to have acquired the emphatic title of *precious*. Not only do they exceed in value almost every other substance of equal bulk and weight, but they exceed every other, likewise, in steadiness and durability of value. A steadiness and permanence of value are most important qualities in money, both as rendering it acceptable to sellers, and as constituting a lasting standard or measure of value for all other things, as well at the same period as during long intervals of time. Without such permanent value, and if it were subject to material fluctuations of value, it would become an object of speculation, like goods; its free circulation would be stopped; for some men would be hoarding it up in the expectation of a rise, while others, who possessed at the time a sufficient quantity for present use, would refuse to take more in payment of the commodities they had to dispose of, from the apprehension of losing through a fall in its value during the interval of keeping it by them. It is thus most essential that the material of which money is composed, and

which forms the measure of value for everything else, should be as little as possible subject to a variation in value. A material that is liable to much fluctuation in value would be as false and fraudulent a measure of value, and as destructive of commercial security, as a foot-rule which should expand and contract in its length would be of lineal dimensions, or as would be variable measures of weight and capacity. But an absolutely stationary value is in its nature impossible. Value, not being a quality of matter, but an affection of mind, there are no properties in matter which can insure to it an absolute permanence of value; and, consequently, no material whatever exists in which such permanence can be found. The same matter, possessing precisely the same qualities, will, under different circumstances, be more or less in request, and exchange against a greater or smaller quantity of goods; or, perhaps, fail altogether to procure anything by exchange. All that is to be hoped for, then, is a measure of permanence.

During the progress of mankind, as indicated by the increase of capital, and improvements in the arts of extracting metals from the ore and working the mines, gold and silver have experienced a depreciation in value. They are likely also to become of still less value, from the advances which have been made by the moderns in mechanics, in chemistry, and metallurgy, and from the large accumulations of capital, the full effects of which are yet to be realized. These advantages, combined with the independence of America, are likely to afford a considerably larger supply of these metals in time to come; which, unless corresponding improvements take place generally in the production of other things, must infallibly lower their value throughout the world. Indeed, every circumstance connected with the mines seems to strengthen this expectation. We cannot, however, look forward to beneficial consequences to society from this larger supply and reduction in value. It is true, a service of plate will cost less, and trinkets will become cheaper. But everything else will remain precisely of the same relative value as before, and equally difficult of attainment. As respects the usefulness of these metals in the shape of money, a diminution in value will be rather the reverse of beneficial, by

rendering the quantity requisite to effect payments larger, and therefore both more cumbersome to carry, and more tedious to count out and examine. Besides, that such diminution, in causing alterations in prices, must disturb and alter during the progress of the change the relation of debtor and creditor. But although the supply of these metals may be rendered somewhat larger by improvements in the processes of extraction, or the discovery of richer veins of ore, the comparative difficulty of extraction, and the minute portions in which the precious ores are disseminated in nature, must ever insure to them a high value in relation to other things; which value must always equal the cost at which they are extracted.

However, though the precious metals partake in the common liability to which everything is subject, of local as well as temporary fluctuations in value, through changes in the relation of supply and demand, and in the cost of original acquisition, they are incomparably less than any other substance affected by the circumstances that cause other things to fluctuate in value. Several circumstances combine to confer this comparative exemption from changes in value.

In the first place, they are exceedingly durable, indeed, almost imperishable in their nature, which permits their being kept for any length of time without waste or alteration of quality from weather or damp; and, accordingly, there is never any necessity of disposing of them through apprehension of their spoiling from being kept too long. Again, the quantity of them in the market has been in great part produced by the accumulations of hundreds of years, and the fresh supply which is constantly being afforded, as well as the quantity consumed, is each of them nearly a steady and constant quantity, unaffected by inequalities in the seasons, while the annual addition supplied or consumed never forms more than an inconsiderable fraction in relation to the whole quantity already existing. Contrast this with anything else;—the fruits of the earth, for example. It cannot require much to show that, had the precious metals been exposed to the circumstances which operate on the value of these fruits, they would have been altogether unfit to serve as a measure of value of other things, and during all times. Corn and the other productions of the soil are perishable, liable to waste and injury from keeping, and

must be consumed or sold within a more or less limited period, or they would spoil. Their whole existing quantity is in most cases renewed from year to year, and dependent on the favourableness or unfavourableness of the seasons. Not only do they greatly fluctuate in value from season to season, but they become relatively dearer as population increases. Yet, notwithstanding all this, corn has been recommended as superior to everything else for a lasting measure of value. Manufactures and other wrought productions, which are more permanent in their qualities, fluctuate greatly in price according to the demand and supply, and they become cheaper with the accumulation of capital, improvements in processes and machinery, and with the extension of the division of labour.

Another circumstance that contributes to give a steadiness of value to gold and silver, and a certain degree of equality in places far distant from each other, is the extensiveness of the market in which they are bought and sold. Almost every other commodity is in request or can be furnished only in certain places, particular countries, or under certain latitudes. Gold and silver, on the contrary, are both in request and can be supplied in every civilized country, and their market is the market of the whole world. No other object possesses so extensive a market, and, accordingly, no other is so little affected by the local and temporary accidents and circumstances which influence the supply and demand and determine value; while their constant passage from place to place, and from country to country, preserve to them everywhere a degree of uniformity of value. This peculiar property of possessing so extended a market, is possessed by gold and silver, both through their portability, and through their comparative exemption from municipal regulation. Not that a free trade in them is universally permitted; but that, from the ease with which prohibitions and regulations are evaded, a practical freedom to a great extent subsists.

Once more. Gold and silver are calculated to maintain their value from their possessing a utility in themselves, independent of the use which custom assigns to them as money. Gold is more likely to retain its value than pearls; because it does not, like them, rest for its value altogether on public estimation, since it has a real serviceableness in itself independent of caprice or

fashion; and so long as it shall exist in such scarcity as to call for a fresh supply, this serviceableness will insure to it a value equal to the cost of its first acquisition. From all these circumstances we perceive, that these metals are secure from any sudden or material diminution of value; and while they possess a certain uniformity everywhere, they also possess a degree of permanence of value in times long distant from each other, in a higher degree than perhaps any other material.

It is an important property in the material of money, that the costliness of its original acquisition, or the labour and capital which must be expended for that acquisition, should equal the value which public estimation assigns to it, and for which it passes current. Because if the money passed current for a higher value than the cost of the acquisition of the material of which it is composed, its value would depend wholly on public estimation, and a strong interest would exist to fabricate money; whence its quantity would soon be augmented, until its value should fall to the cost of the first acquisition and fabrication.

Again, the identity of different portions of gold or silver renders their value easily appreciable, and peculiarly fits them for employment as money. One grain of pure gold is precisely the same in quality with every other, although one may have been originally brought from the sands of Africa, and another extracted from the mines of Europe or America. Were different pieces of the same metal of different qualities, they could never have served to measure the value of other things, when their own quality and relative value were first to be ascertained. The same fitness is exemplified, too, in the peculiarity of their characters, so different from all other substances, as exhibited in their specific gravities, and the sound they emit when rung; both which qualities serve to distinguish them from every factitious imitation. Thus, from the identity and peculiarity of quality, the examination of any specific portion by its weight, or otherwise, determines at once its quantity and value in relation to every other portion.

The high value which gold and silver bear renders the money coined from them easily portable; which is another important property of money. Thus a small quantity in bulk and weight is sufficient for ordinary payments, and, while they are neither,

on the one hand, too bulky or heavy for general purposes, neither are they, on the other, so highly valuable as to render the quantity too minute to be readily appreciable. Had they been considerably less valuable, their weight would have rendered them cumbersome in use. If salt were used as money in England, as it is in Abyssinia, "a man must take a mountain of salt to market to pay for his weekly provisions." Even if the iron money of Sparta, or the copper money of the early Romans, and of the north of Europe, were the only money now in use in our country, it would form so heavy a clog on our commercial transactions, as, although it would not prevent their existence altogether, would certainly curtail their extent in a very considerable degree. The greater rarity and value of iron and copper in the early ages than at present, rendered them less unfit in those times to perform the functions of money than at present. The facility with which they are now extracted from the earth has occasioned a depreciation in their value as compared with former periods.

Again, the difference in the value of gold and silver renders the joint employment of the two more convenient than one alone would be: the more valuable metal being employed for the larger payments, and the less valuable for the smaller, and for the fractional parts. Gold being about fifteen times more valuable than silver, a payment may by its means be made which is fifteen times larger than could be made with an equal quantity of silver.

The last, but not the least important property which is deserving of mention as possessed by gold and silver, is their divisibility without injury into small and precisely definite portions; with a capability of reunion without change of properties, or sensible loss of quantity and value. Had these metals not been easily divisible, we could not have apportioned our money to the value of the purchases we have to make; and these purchases, accordingly, must have been at times either inconveniently large or inconveniently small, to correspond with the money we have to pay for them. Had they not been capable of reuniting, a loss must have been sustained whenever a piece of coin became unfit, from wear or injury, to serve as money in the form it had received, or whenever circumstances required a

change of form. At the same time, their hardness, when combined with a portion of alloy, renders them capable of resisting considerable friction; of receiving and retaining the impression given them; and fits them for rapid circulation without danger of injury to the form or impression.

Thus all the properties of gold and silver combined, and which are so peculiar that, so far from any other material possessing them unitedly, we find nowhere even an approximation to such a union of qualities, are so especially adapted to the purposes of money, that it seems scarcely possible to desire that they should be in any respect different from what they are. Had they been either less valuable, of equal value with each other, liable to waste or injury in keeping, or to a depreciation of value; had different pieces of the same metal not been identical with each other; had they not been portable, divisible, and capable of reunion by fusion; in short, had any one property belonging to them been wanting, or not precisely as it is; it would seem they would most probably have been found less convenient in use, and less adapted for the purposes of money, than they are.

From these peculiar properties of the precious metals, qualifying them in a higher degree than any other substance to serve as a measure of value and medium of exchange, we cannot but account their employment for these purposes as a great step in the progress of mankind. But at first their utility was very considerably limited by two inconveniences; first, the trouble of assaying, and, secondly, that of weighing them. These metals are usually found combined in a greater or less degree with cheaper and coarser metals, and they are susceptible of considerable adulteration with alloys of baser metals, which very much deteriorate their value, yet without occasioning any very striking alteration in their outward appearance. To ascertain the presence and the proportion of these alloys involves a tedious and difficult operation, which cannot be performed without exposing them to the action of proper solvents. To perform this operation previous to every sale would have been impossible, and to neglect to perform it, while unstamped bullion continued to be the sole instrument of exchange, would have exposed the

trader to the grossest frauds. While the property of the merchant was thus so much at the mercy of every knave, it must have been impossible for him to carry on any very active or extensive trade. The interchange of commodities must have been obstructed, and the powers of industry kept in that inefficient state, which is the necessary consequence of combining a variety of occupations in the same individuals.

To prevent such frauds, to give confidence, and facilitate exchanges, it has been found necessary, in all countries that have made any considerable improvements, to affix a public stamp upon certain quantities of such particular metals, as were in those countries commonly made use of to make payments. Hence the origin of coined money. These stamps seem in many cases to have been intended merely to express the fineness or purity of the metal, and to have resembled the sterling mark which is at present affixed to plate and bars of silver, or the Spanish mark that is sometimes affixed to ingots of gold, and which being struck only on one side of the piece, and not covering the whole surface, certifies the fineness, but not the weight of the metal. The general adoption of these stamps, with a punishment decreed against imitating them, was a still further advancement, and afforded great facilities to business, by saving the necessity of trying the purity of the mass, and leaving only the weight to be ascertained. But the other improvement for rendering the precious metals complete as a medium of exchange, remained to be effected. This was to ascertain and fix at one and the same time both the fineness and the weight of metal, by a stamp covering the whole of both faces of the piece, and sometimes its edges also. In the precious metals, where a small difference in the quantity makes a considerable difference in the value, even the business of weighing with proper exactness requires at least very accurate weights and scales. The weighing of gold, in particular, is an operation of some nicety. "The revenues of the ancient Saxon kings of England are said to have been paid, not in money, but in kind; that is, in provisions of all sorts. William the Conqueror introduced the custom of paying them in money. This money, however, was for a long time received at the exchequer by weight, and not by

tale."* But this last improvement in the coinage, which saves both the assaying and weighing, and fits the pieces to be received by tale, has rendered metallic money complete, and has given every facility to mercantile transactions which this money seems capable of affording to them.

Either gold or silver money may be established as the standard of value, and legal tender in payment, retaining the other not as the standard, but only as subsidiary to it, and for greater convenience; or, instead of one metal, both may be used concurrently. Silver is most generally in use in different countries for this purpose. Henry III. was the first of our English monarchs who coined gold pieces. The people, however, refused to give them currency, and remonstrated against being obliged to receive them; which produced his proclamation, that nobody was compelled to take the pieces, and that the holders should receive the full value from the treasury, deducting the charges of coinage. Edward III. was the next of our kings who issued a gold coinage. The first coins which he made were thought to be overvalued, and on that account were refused; upon which a proclamation was issued, ordering them to be taken only with the consent of the receiver; and they were shortly after called in. A new coinage was then issued, in which the gold was, if anything, undervalued; but still the people, unaccustomed to gold coin, refused it, and it was ordered to pass only in large payments. The prejudice, however, wore away, and gold coins were then ordered not to be refused in any payment, and so continued till 15th Charles II. From that year till 3rd George I. they were receivable at any rate to be agreed upon between the parties, not exceeding a certain minimum—first twenty-two shillings for the guinea; afterwards twenty-one shillings and sixpence; and lastly, twenty-one shillings.

As gold and silver do not always keep precisely the same relative value to each other, it is obvious, that, when either of them is a legal tender, and their value to each other varies from the proportion established by the Mint, a debtor being at liberty to discharge his creditor's claim in either, will prefer that which

* Wealth of Nations, Book I. chap. 4.

is the cheaper. Suppose a debtor owing a hundred pounds, finds that silver is one *per cent.* below the Mint price, while gold is at par, in such case, he would be able to buy silver bullion in the market, get it coined at the Mint, and discharge the debt with what cost him but ninety-nine pounds; while the debtor being compelled to accept such payment, would be a loser of one *per cent.*

If both the metals were equally a legal tender for debts of any amount, the standard of value would be constantly changing. It would sometimes be gold, sometimes silver, depending on the variations in the relative values of the two; and at such times, the metal which was not the standard would be melted, and withdrawn from circulation, as its value would be greater in bullion than in coin. In 1816, this inconvenience was removed, by making gold the only legal tender for sums exceeding forty shillings.

That metal which, of the two, is the less subject to vary in its value, is, unquestionably, the more suitable for a measure of value. In taking one only, instead of both, the standard of value is subject to those variations only which apply to itself. It is the fairest between debtor and creditor, because there are the chances of a rise as well as of a fall in value. But in taking two, with the option to the debtor of using that which may happen to be the cheaper, the debtor gains an advantage against the creditor. In this case, also, the standard is more liable to depression, being subject to all the depreciations which may happen to both of them, but not to the advances of either taken singly; as whichever should be the cheaper would, for the time, be used as the standard.

It is said that, of the two, gold is the more vacillating in value. Since its establishment as the sole standard, its value has increased by the difference now existing between the market and the Mint price of silver, or about eight *per cent.* Consequently, the substitution of gold for silver has raised the standard of our money so much higher than it would now be, had the old standard, silver, been retained.

The commerce between different nations resembles in every essential respect the commerce between one province and ano-

ther, or the dealings of individuals of the same country with each other. We have seen the functions which money performs, and the facility it affords to the dealings of private persons. We may easily conceive, too, the inconvenience that would be felt in the commercial transactions between district and district, or city and city, as, for example, between London and Bristol, if the money of the one place were not current in the other, and not convertible into the money of that other; and hence we are enabled to form a conception of the advantages which are derivable from a "universal money," or a circulating medium adapted to international transactions. To a country destitute of all external commerce, it would evidently be unnecessary that its circulating medium should be held in any estimation beyond its own territories; it might, for economy, be a base metal currency, or of nothing but paper; but it is indispensable to the well-being of a country carrying on foreign commerce, that it possess money adapted to this commerce. Without such money, its external commerce would labour under difficulties of a similar kind, though not perhaps to the same extent, with those which have been mentioned as embarrassing the dealings of individuals in bartering labour or goods of different kinds directly against each other. From the fluctuations of seasons, the changes of political relations, and other circumstances and accidents, the commerce of countries with one another is always in a state of vacillation; it is seldom that the values of the exports and imports in any given time precisely equal each other, either within any particular country, or among all foreign countries taken together: thus, a balance of trade, for or against, is continually required to be received or paid in money. Hence, gold and silver, the "universal money" of the civilized world, must be and always is in a state of ebb and flow from country to country, to adjust this balance. Accordingly, it is essential to commercial nations, that they should usually keep on hand a stock of gold and silver for the payment of balances which may be demanded of them in money. The disadvantages under which they would frequently labour without such stock may be easily shown. Suppose the case of a scarcity of food in England from a deficient harvest, while some other countries exempted from this

calamity may have a surplus to spare. Yet we shall not obtain a supply, and must submit to the miseries of famine, unless we have something to give in return which the people of those countries hold in request. Gold and silver would be sure to be acceptable, and to be readily taken in payment; but if we have none, or have not a sufficient quantity, home goods must be exported, either directly to those countries, or to some others to purchase bullion. But we may not have a sufficiency of exportable goods to spare, or, if we have, it is evident that they are not wanted, or they would have been sent before. Since, then, our goods are not wanted, a sale of them must be forced, beyond the natural demand, by submitting to a sacrifice and offering them at less than we can afford to do. Such would often be the situation of a nation which should not usually keep on hand a stock of the precious metals to meet emergencies that must frequently happen. Now it cannot be expected that the merchants engaged in foreign commerce should ever possess or habitually retain on hand a stock of those metals sufficiently large to answer such exigencies. But if the currency of a country, or a considerable portion of it, be metallic, and if, on such emergencies, a paper currency be substituted in its place for a time, it affords in such cases a certain and effectual relief. Such a currency is a sort of granary, from whose stores the nation which possesses it may always draw supplies in emergency, and replace them at leisure when the difficulty is past. Again, besides the fluctuations of seasons, political events may likewise occasion us to draw suddenly and extensively on our resources for exportation. Take the case of war, which may call for means of defraying expenses of military or naval operations abroad, or subsidies to foreign states. If our circulating medium be nothing but paper or a base currency, and our exportation of goods be unequal to meet such expenses, a national loss must be sustained to the amount of the sacrifice necessary to be submitted to for the purpose of effecting a greater sale of our goods to the required extent. At such a time, the command of a large amount of gold may be of inestimable advantage, and may determine the event of the contest. Hence, although it might happen that some other less costly material than gold and silver,

or one in other respects better suited to the purpose of circulation, could be found, yet notwithstanding, in a country like our own, we ought not wholly to dispense with these metals. Undoubtedly the advantage of paper as the agent of exchange is considerable, but however economical a paper currency may be, and however superior to a metallic one it might be in some instances, it would be unsafe and inconsistent with our well-being that the whole of our circulating medium should be composed of paper. It is essential that a considerable portion of that medium should be such, as, if it did not form the currency of the foreign countries with which commerce is carried on, should at least possess an equal value in these countries, and be convertible without loss into their currency. Without this, we should be unable to avail ourselves to their full extent of the resources of other nations; we should be deprived of the full measure of benefits which foreign commerce is calculated to confer, and be subjected to hazards which prudence would forbid. As regarded a balance to be paid of foreign commerce, things would be in the same situation as though there were no medium of exchange; we should be either unable to purchase the foreign goods we require, or, if able, should be obliged to pay for them in a way which would subject us to disadvantages that our money ought to save us from.

But in order to avail ourselves of all the advantages derivable from a metallic currency, it should, on urgent occasions, be substituted, in part, by paper; not, however, permanently, but temporarily; and, in the mean time, the right of the people to demand coin in exchange for paper should be suspended. If a deficient harvest, or other extraordinary occurrence, cause a large exportation of gold, it seems desirable to allow the gold to go, and not to check its exportation by a contraction of the currency commensurate with the exportation. On such extraordinary occasions, a nation, as well as an individual, may be allowed to run a little into debt, or go a little upon credit for a time, until it can recover itself. An issue of small notes in lieu of coin to a part of the amount of the coin usually in circulation—say half, would effect the object here spoken of.

Although the coin of a country is thus frequently exported, it is as constantly returning. The balance of trade being continually changing, the export is but a temporary circumstance, and money is sure, in the natural course of things, to come back again, when the balance turns the contrary way. It may, however, not be always the actual coined money of the country that returns, and thus the expense of coinage may be lost. But in the generality of instances, the money returned will be the identical money that was exported. No inducement can exist in foreign countries to melt down coin, except it be when bullion is wanted for coining into their own currency, or for plate and plating; and where a seignorage is imposed on the coinage, the amount of this seignorage would in such case be lost. As then usually no advantage can accrue from melting the coin, it will most commonly return in its original form. The loss, however, when it is melted, can be but small in comparison of the facility its exportation affords to commercial transactions, and in comparison of the loss that is prevented by dispensing with a forced sale of goods, which must otherwise be effected at a depreciation of price, in order to meet the demands for payment. On this subject, we cannot but applaud the policy of the British legislature, which, though late, has at last established a perfect freedom in the commerce of its coin.

The present state of the currency in England, which restricts the circulation of paper to sums of £5 and upwards, leaving the smaller payments to be made in coin, is, perhaps, that middle course between the two extremes of too great or too small an amount of metallic currency, which, while it prevents coin from disappearing from circulation to an unsafe extent, does not, on the other hand, load the circulating medium by too heavy an amount of expensive coin. The public convenience, too, is effectually secured against too little coin by the right which the people have of demanding it in exchange for paper to any extent that may be required. Yet the people of Scotland, on the occasion of the late withdrawal of the small notes, strenuously contended against the introduction into their country of the same system; preferring to retain their £1 notes. It was,

perhaps, fortunate that they succeeded in their opposition, and thus prevented the inconvenience which the simultaneous contraction of the circulating medium in the two countries must have added to the inconvenience experienced in one. It is probable that it is not of great moment to require them to call in those notes. While the larger portion of the country can never be destitute of coin, the smaller portion may draw by credit or otherwise for a time on that coin as necessity requires, which could not be the case, if the whole country were without it, and foreign and distant nations must be resorted to for a supply.

SECTION II.

On the Coinage.

THE art of coining, by which the metals employed in pecuniary transactions are reduced to an established standard of fineness, and divided into pieces of an established weight, allows of these pieces passing by tale instead of by weight, and saves at once the necessity of ascertaining either the fineness or the weight of the metal they contain.

The government of each state usually reserves to itself the exclusive exercise of this art; and from this restriction a public advantage accrues. Though governments have too often broken faith with their subjects, by coining pieces of a diminished weight and fineness, and passing them off as of standard weight and fineness, yet their general integrity in this particular, especially in later times, affords a security, and gives a public confidence, which no other method could do. Were private persons allowed to coin money, there could be no general confidence in the weight and purity of the metal, and there would, probably, be great difficulty in detecting the frauds which they might practise.

Money is coined under two different circumstances;—either when the government leaves its increase or decrease free; or, when it controls the quantity, endeavouring to make it great or small as may seem expedient to it. When the increase or

diminution of money is left at liberty, government freely opens the Mint to the public at large, converting bullion into coins for all who require it.

Most of the European governments make a charge, or seignorage, on coining bullion into money; which, indeed, constitutes a part of their public revenue. In Great Britain and Russia, however, the expense of coining is borne by the government. In these countries, bullion of the legal standard delivered at the Mint, is re-delivered in coin, without diminution of weight or charge for coining. The people, instead of paying the expense of coining when they require bullion to be coined, are charged this expense in the shape of taxes on the community at large.

Whether or not the coin of any country will permanently possess a higher value than bullion of equal weight and fineness, will depend on the two conditions under which bullion is coined into money—whether a seignorage is imposed on it, or whether it is free.

The coinage, notwithstanding that it is attended with an expense, and adds to the usefulness of the metal coined, will, however, add nothing to its value, unless a seignorage be imposed, or unless a restraint be laid on the quantity of money coined. Unquestionably, a lump of silver wrought into coin is better than a lump of silver bullion of equal weight and fineness, for the reason, that it saves to every person who may take it, the trouble and expense both of assaying and of weighing it; but when all the world can have silver converted into coin free of expense, the coin cannot possess a higher value than the silver bullion, because no man would give more for it while he can have silver coined for nothing. But when a seignorage is charged for coining, the coined piece of money will usually exceed the value of the uncoined piece of bullion by the amount of the seignorage.

When the increase of money is left free, people take bullion to the Mint to be converted into coin, whenever a profit sufficient to compensate for the trouble can be acquired thereby; that is, whenever, after paying the seignorage, if any, the coin will be more valuable, or purchase more commodities, than the bullion. In this way, the increase in the quantity of money soon reduces

its value so near to that of bullion, as to render it not worth while to take more bullion to be coined. On the other hand, if at any time the quantity of money in circulation should be so large as to reduce its value below that of its weight in bullion, people would immediately melt down the coin, until the alterations in the quantities of coin and of bullion had brought their values so near to each other as to take away the profit of melting. In a state of freedom, therefore, and where there is no charge for coining, the values of coin and bullion of the same weight and fineness are always alike, or so nearly so as to afford no sufficient motive for converting the one into the other, and the value of bullion regulates the value of the coin. If bullion fall in value, it is converted into coin; if it rise, the coin is melted down. But when a seignorage is imposed, the value of coin in relation to bullion will fluctuate between the two extremes of the amount of that seignorage; on one hand, never allowing more than an inconsiderable profit on converting bullion into coin, or, on the other, on melting coin into bullion.

If the government control the quantity of money, and increase or diminish its amount, for the purpose of lowering or raising its value, we shall see that such power of operating on its value is confined within certain bounds. By a limitation in the issue of coin, the government may cause it to pass for a higher value than that of the metal it contains. Thus a worn and debased coinage is sometimes found to pass current, not at the value of the metal it actually contains, but for the full value of that which it professes to contain. "In the history of the British coinage, we find that the currency was never depreciated in the same proportion that it was debased; the reason of which was, that it never was increased in quantity, in proportion to its diminished intrinsic value." But if the government refuse to issue more coin, and the want of money raise its value much above that of the same quantity of bullion, an advantage would accrue to individuals from converting bullion into money, and recourse would be had to private coining. On the other hand, if the government forcibly increased the quantity of money, until its value fell below that of an equal weight of bullion, the coin would be melted down. The counterfeiting and melting the

coin can only be prevented by punishment. But the prospect of punishment is ineffectual where the profit is great, and it is well known that where the temptation is considerable, private coinage goes on, in spite of all endeavours to prevent it. As melting is a more easy process than coining, and can be performed with greater secrecy, it will take place with a less temptation than coining. Where, therefore, the government controls the issue of money, its power to raise its value extends but to an inconsiderable degree; never much exceeding what is sufficient to compensate for the expense and risk of counterfeiting. While its power to lower the value of money below its natural level is next to nothing.

Since the establishment of banks, however, the government has not been the sole party issuing money. The currency may be as effectually increased by paper as by coin; so that if a state were to debase its coin, it could not, by limiting its quantity, support its value; because the banks, having the power of adding to the circulation, would supply with paper the deficiency in the coin.

The value of money, therefore, except to an inconsiderable extent, is regulated, under all circumstances, by the value of the metal out of which it is coined. Since private coining cannot be prevented where the temptation is great, and since every addition to the quantity of money in circulation must lower its value, no government, by the limitation of its issues, can add any material value to its coin. No government has the power, by the impression of its die, to make the money pass for more than its intrinsic value, with the addition of a moderate profit for the labour of coining. It may give names to pieces of money of diminished weight, such as have been customarily given to pieces of a superior weight, but no enactment will be effectual which requires that the stamp impressed shall give to a piece of metal a specific value; it will never buy more goods than the same weight of metal would buy, with the addition of a moderate profit for coining it.

Consequently, the exclusive privilege of coining, as a source of revenue, is limited to a moderate profit only on the coinage, and governments cannot fix their own ratio of profit. Limited

to this profit, it may afford a source of revenue, as any other business would do. The coinage is a branch of the bullion trade, and a coin so well executed as to be difficult to counterfeit, and accurate in the weight and assay, may acquire a currency, in different parts of the world, at a higher rate than its intrinsic value as bullion. Witness the dollars of Spain, the gold ducats of Holland, and the pieces of several other states.

It seems difficult to explain the grounds upon which a gratuitous coinage is to be advocated. Coining is attended with an expense, and gold from the Mint has a decided advantage over gold bullion, not indeed so much from being ready weighed, for people are often at the pains of re-weighing, as from being ready assayed; and, in consequence, bullion is sometimes conveyed to the Mint, not to be converted into coin, but to have the standard ascertained and affixed, for more readily serving as an article of commerce. Since the British legislature has made the exportation of its coin free, sovereigns are a better article of export than gold bullion, inasmuch as bullion bearing the standard mark of assay is preferable to bullion without such mark. But while for exportation sovereigns are preferable to bullion, for importation gold bullion answers every purpose of sovereigns ready coined; and, though of less value abroad, is of just the same value in England,—weight and standard being alike; because the Mint makes no charge for coining it. In fact, when our coin, which has already received the stamp of assay, has been once exported, foreigners have an interest in preventing its return, and remitting bullion instead, to obtain a like gratuitous stamp. This practice, therefore, by making it an object to export the coined metal, without affording any inducement to its return, puts the government to the constant expense of coining, not alone for the use of its own subjects, but for that of foreigners also. When the expense of coinage is charged by the government on the delivery of the money, it is a matter of perfect indifference to the state, whether its coin be exported or melted down; but when the coinage is executed gratuitously, it involves a loss to the public to have it exported and not return again, though individuals may acquire some small advantage from its exportation. The more natural

course seems to be for the Mint to charge the actual expense of coinage on the delivery of the coin.

While, however, there is a loss to a nation when it is put to the expense of coining for foreign nations, this extreme of liberality is preferable to the other extreme, of charging a heavy seignorage. As respects the use the people make of money, it may be thought that it is immaterial to them, whether the coin be dear or cheap, or, whether it be coined gratuitously or at a great expense; for, so long as its value does not fluctuate, it will pass current for as much as it was taken for, which is all that they require of it. This in a measure is the fact; but, in some respects, a considerable charge for seignorage involves inconveniences which act prejudicially on the public interests, and which I shall here explain.

The circulating medium of a country, especially of one which is largely engaged in foreign commerce, is, from various causes, in a state of continual expansion or contraction. It is essential to the general welfare, but more particularly to that of such a country as has been now alluded to, that its circulating medium should possess the power, while retaining its value, of expanding and contracting as the wants of commerce require. When money is wanted for exportation, this evidently shows that it is not required in an equal degree at home. If the money of a country cannot be exported when wanted for such purpose, and when only a smaller quantity of it is required at the time for circulation at home, it will fail to render a service which it ought to render, while in the mean time it will lie idle on hand and unproductive. The failing to procure an interest or profit which the capital invested in it would yield, if the coin were exported and sold abroad, when it is no longer wanted at home, is evidently a loss. But this, perhaps, is the smallest part of the loss. The excess in the quantity of coin at home, above the real want there is for it, must cause its value to decline; or, in other words, cause the prices of all commodities to rise. This rise of prices is independent of the ordinary fluctuation in the relation of prices between one commodity and another, caused by obvious circumstances. Prices in such case are subject to a double or compound operation, and from causes one of which is hidden

from common observation. This compound operation on prices, and proceeding from a cause that is not understood by the people at large, must be expected to derange the calculations and disappoint the speculations into which persons in business engage. On the other hand, if the circulating medium be such that it cannot be increased as the public wants require, money becomes scarce and its value rises, while the prices of all commodities decline, and commercial embarrassment ensues.

The advantages which England derives from her gratuitous coinage, and the freedom to export her coin, are, that it is available for all the purposes of external commerce, enabling her merchants to enter into commercial adventures and make foreign purchases which would not otherwise be practicable; while her circulating medium thereby possessing most sensitively the property of expanding and contracting, must render prices more steady than they otherwise would be, and cause business to be carried on with greater certainty. The coin is exported whenever the wants of circulation at home render it no longer useful, and foreign purchases can be made to advantage. The capital invested in it is thus set free, and is employed productively in another way, until the wants of circulation at home, or the profitable adventures of commerce, again call for its return and use in the form of coin. When this happens, there is no difficulty or loss in supplying the deficiency. By carrying bullion to the Mint, the want is immediately supplied, without a continuance of it being allowed till a considerable change of value in the currency has taken place. The expense of coinage which is thus brought on the government, and is in part thrown away by the exportation of the coin, is much smaller than the advantages that accrue from the facilities the gratuitous coinage affords, and the continued production of the capital set free during the time it is not required in the shape of coin.

If a seignorage were imposed on our coinage, our money could scarcely be used at all in foreign commerce; because the coin could not be exported, nor more bullion converted into coin as the wants of commerce require, until it had fluctuated in value beyond the extremes of the seignorage; and the contractile and expansive quality of the circulating medium would,

to a great extent, be taken away. Let us suppose the seignorage to be, as in France, eight *per cent.* If at any time money be so scarce as to allow of bullion being coined without loss to the individual applying to have it coined, it circulates in payments at home at a value eight *per cent.* higher than the worth of the metal it contains; and serves every purpose of a domestic circulating medium. But should the wants of commerce call for an international currency, and the result ensue that less money is required to circulate the home commodities of the country, the coinage cannot be exported, and is useless in international transactions, because foreigners will take it only for the value of the metal it contains. Thus foreign purchases which are wanted, cannot be made from not having money wherewith to pay for them, or from money alone being procurable for the purpose, on which the exporter must lose eight *per cent.* In consequence, the capital locked up in an unnecessary quantity of coin cannot be rendered useful, and must remain unproductive. If the want of money for foreign transactions should increase, and the value of all foreign goods rise until they have become eight *per cent.* dearer, some few of the coins which have suffered the least from wear, may be exported; but to allow any considerable quantity to be exported, these goods must rise probably to ten *per cent.* On the other hand, from this point of eight or ten *per cent.* above their usual value, foreign goods must fall to their original value, or, which is the same thing, home goods must rise in equal measure, when home goods are required for exportation, and no return of foreign goods is to be had; because the importer of bullion must pay eight *per cent.* for coining, before he can pay for them in money. Thus, in every transition from a balance of goods exported to a balance of goods imported, goods and money must differ ten *per cent.* in value before transactions can be renewed; because the money to be paid or received for the excess is not available for foreign transactions, and, when within these extremes, serves no better purpose than a paper or base-metal currency would answer; while it causes a suspension of foreign commerce during the interval.

The free exportation and importation of coin and bullion, an

exemption from an unreasonably heavy seignorage on the coin, and, consequently, the sensitive property of the circulating medium, readily adjusting itself, on the slightest alteration, to the actual wants of commerce, are important points to all commercial nations. But they are more especially so in a country like England, where the amount of foreign commerce bears a larger proportion to the internal trade than in most other countries, and where also the greater part of the circulating medium is composed of paper, which is subject to great inequalities in its amount. The facility of exporting our coin, and of converting bullion into coin free of expense, is most essential to us; while a seignorage of eight *per cent.* on our coin would cramp our foreign commerce, and, of consequence, our domestic industry, to a most mischievous extent. It would operate in the same manner as a duty of customs continually vacillating between nothing at all and eight or ten *per cent.*, at one time placed on the goods exported, and at another on those imported. In a country like France, whose external in relation to its internal commerce is much smaller, where also there is little else but coin in circulation, and, consequently, few sudden or great changes can occur in the amount of its circulating medium, its seignorage on the coin is less severely felt. But that country is at a heavy expense in maintaining a costly domestic currency, which serves hardly any better purpose than a paper or base-metal currency would do, since it is useless as an international one; while a small additional expense would render it international. In such a country, those persons who should counterfeit the coin, if they made the counterfeits equal in weight and fineness to the genuine coin, and by increasing the quantity, should keep down its value nearer to the value of the metals it contains, would render it more fit for the purposes of foreign commerce, and consequently contribute to advance the prosperity of that country.

Although, however, a seignorage on the coin equal to the expense of coining seems the most natural, and is probably the most politic plan to be adopted; yet to make a change from any course which has been long followed, must have decided effects on the value and practical working of the whole monetary system. If a seignorage were imposed, in lieu of a gratuitous

coinage, a stamping of bullion in bars might be offered at a lower expense; which would sometimes assist foreign commerce and serve for exportation in lieu of coin; but no expedient could cause the coin to retain in foreign countries the value which it bore previous to the deduction for the seignorage; and whenever it was necessary to export it, the seignorage would operate the same as an import duty of like amount on the foreign goods which it purchased.

When the coin of a country has become greatly worn and thereby depreciated in value for a considerable time, and prices have been adjusted to its depreciated value, policy and justice require, not that the currency should be raised to the ancient standard, but that the standard should be lowered to the new level of the currency. Since it is of the highest importance that the currency should be kept as nearly as possible at an exact standard, coin should not be allowed to continue so long in circulation as to become much worn and depreciated in value, but should be called in from time to time and recoined of full weight.

The forms of the coins of different countries vary a good deal, but, as their liability to wear must depend in great measure on their surface, those which are rather thick than otherwise have the preference in point of form, on account of their exposing less surface. In this respect, the sovereign is of a better form than the guinea; being thicker in proportion to the metal contained.

SECTION III.

On Bills of Exchange, and Paper Currency.

THE employment of bills and of paper money in lieu, and to serve the purposes, of metallic money, is an expedient for abridging labour, and for economizing money and rendering its transmission safe, which holds a conspicuous place amongst the inventions of human ingenuity, and contributes greatly to the successful prosecution of commercial and other undertakings.

The services which the precious metals render as a medium of exchange, great as they undoubtedly are, must be purchased at a considerable expense, and they have a certain limit. The quantity of these metals necessary to carry on all the pecuniary transactions of an opulent country would be very large, if it were not for the aid of notes, bills, and credit. These metals must be procured, either from abroad in exchange for domestic productions, or, if mines exist at home, by applying industry to work them. Whether they are purchased from abroad, or extracted from mines at home, in either case, the produce of the soil, labour, and capital must be expended to procure them. Now this produce, and this labour and capital, if they were not required for such purpose, would be employed in increasing the useful produce of industry, either in the acquisition of the necessaries and conveniences of life for the use and enjoyment of the people, or in the augmentation of their capital to increase the produce of their future labours.

Again, besides the original cost of metallic money, and the annual produce which the capital invested in it might yield in other ways, there is a continual waste by wear, and loss through accidents, and consequently a considerable annual expense required to support it in an undepreciated state. Whatever diminution, therefore, can be made in the quantity of those costly and expensive metals which serve the purposes of circulation, by substituting for them in part a paper currency, which costs next to nothing, and answers every purpose which a circulating medium can answer, not only equally well, but even better than one composed entirely of the precious metals, is a direct saving of labour and capital to the country. Such economy is equivalent to a saving in the cost of production. It sets free a portion of capital, which must otherwise be locked up in gold and silver coin, and allows it to be profitably expended in other ways to augment the revenues of industry. The saving thus effected in the quantity of bullion employed as money in Great Britain, has added to the general stock of the mercantile commonwealth as much as if an additional quantity of that amount had been brought from America; and the saving of that annual loss which would have been occasioned by the waste of British coin is

equivalent to an increase in the annual produce of the mines, and must have a like effect in increasing the quantity or quality, and lowering the prices, of all commodities. Not that the capital invested in gold and silver serving the purposes of a circulating medium is an unproductive part of capital; on the contrary, it acts as all other capital acts, in abridging labour: the only difference is, that the former acts in abridging the labour of making exchanges and payments, while the latter acts in abridging the labour of direct production and manipulation.

The written obligations to pay money, which supersede, as far as they are used, the employment of coin, are in the form either of bank notes, cheques, bills of exchange, promissory notes, or letters of credit. They are the written evidence that engagements have been contracted to pay, either to the holder or to some particular person or his order, the specified sums of money, either at a stated period, or when payment may be demanded, and either at the place where the obligations are issued, or at some other place. When ultimately discharged, these obligations require the use of money. But some of them, and especially bank notes, pass from hand to hand, and supersede, in all the different transfers made of them from one person to another, the employment of so much money, answering every purpose equally well.

Paper money, in different countries, has often obtained a forced circulation, from having been issued by the governments of those countries;—the people being compelled to accept it in payments. Of this kind were the assignats, and mandats, issued by the revolutionary government of France; the paper money of the governments of the United States in the struggle for independence; and by the Dutch during their war for a like object. Of this kind also were our Bank of England notes during the continuance of the Acts restricting cash payments. These kinds of paper money are essentially different in their nature from notes that may be taken or refused at pleasure, and for which coin may be obtained at any time on demand. It is obvious, that when coin cannot be obtained for notes, or cannot be obtained without some difficulty, risk, or delay, the expectation of payment, or difficulty of obtaining it, must be taken into con-

sideration. A man naturally refuses to accept paper of this kind, unless with such an allowance as appears to him sufficient to cover the risk or difficulty which he apprehends.

The use of bank notes in lieu of coin dates its commencement, at least in a regular manner, in this country, from the establishment of the Bank of England in 1694. Bills of exchange are a much earlier invention, and are said to have been first brought into use by the Jews in the feudal ages. The rapacity of the nobles and rulers, and the unsettled state of those times, rendered it difficult and dangerous to transport money from place to place to carry on commercial transactions; while some countries prohibited the exportation of the precious metals; punishing a breach of the prohibition with the severest penalties. To elude this rapacity and avoid these difficulties and dangers, the practice was adopted of paying debts by bills of exchange, and, instead of the several merchants transmitting money, some to, and others from, particular places in payment of their debts, they thus transferred to each other the right to receive payment of these debts in the place where each resided, and set off the whole of the payments due from one place against the whole of the debts due to it from the other; leaving only the balance between them to be transmitted. Even the transmission of this balance was avoided, whenever a balance owing to one place could be set off against a balance due to it from some other place; by transferring the right to receive this balance due in payment of the balance owing. These bills saved the expense of remitting money, they eluded the vigilance of the nobles and rulers, and requiring to be accepted or made payable some time after date or sight, and to the order of some person, afforded an effectual security.

The use of nothing but coin, and without paper money of any description, as in France, and most other countries, is highly inconvenient in practice. It is true, gold and silver money affords a real security to the holder, from the possession of an intrinsic value, while paper money has no real value in itself, its value depending on the expectation of the payment of the represented value for it, which may or may not ever be realized. But this superiority in metallic money over the insecurity of credit

money, is to be set against the labour and risk of conveying such money from place to place, on account of its weight, and the danger of transmission, especially to distant places. Bills of exchange and notes, on the other hand, are conveyed to the most distant places by post or otherwise with ease, celerity, and with scarcely any risk. Metallic money, when in large sums, is not only much more cumbersome than paper, but it is less easily counted, examined, and passed from hand to hand. A thousand pounds, when it is to be counted out in gold and silver, and every piece of coin tried to see that it is good, presents a tedious operation; but the same sum may be paid with a bank note in a moment. Thus paper money affords great facility to pecuniary transactions, more especially in the larger amounts.

Bills, and especially foreign bills, sometimes pass through a great many hands before they are finally paid by the accepter, and are generally endorsed by all the persons through whose hands they pass, each of whom is answerable for the payment. They thus at last afford as great a security as any commercial instrument can do; and accordingly, circulate in the mercantile world with nearly the same freedom and confidence as money. It was the freedom with which these bills circulated from hand to hand in payments before they became due, that is said to have given rise to the practice of bankers issuing promissory notes payable to the bearer on demand. Those persons who had been accustomed to perform the functions of bankers, in keeping the money of individuals, and exchanging the coins of different countries, were the first to issue these notes, in the expectation that they would operate as substitutes for money in payments.

Credit is of inestimable service to industry, imparting activity to it, allowing business to extend itself as favourable opportunities present themselves, and permitting purchases and sales to be effected which could not otherwise be made. There is often a difficulty in advantageously turning goods into money with sufficient promptitude for seizing the opportunities of purchase which the market affords. A trader may have abundance of property, with a large amount of debts owing to him, and which

will in time be paid, but yet possess no ready money, nor other means of carrying on his concerns; and, if it were not for bills payable some time after date, his business must be suspended. Bills and notes are the instruments by which credit is passed from hand to hand, and by which it is strengthened and extended, through the evidence they give and the security they afford for the payment of the sums credited. Though present payment cannot be enforced, yet they acquire a present currency and value from the expectation of their payment at the stated time. They allow a person in business to dispense with keeping constantly on hand a large sum in gold and silver money, and enable him to convert the debts which are owing to him into convenient representatives of money, and although payment may not yet be due, to make use of them the same as money as a transferable security in payment of other debts. Other persons who have money by them for which they have no immediate use, readily purchase these bills for the sake of the discount; and thus money which would otherwise lie idle on their hands for want of employment, is brought into immediate activity, supplying the present demand, and giving the power to make purchases and payment and extend business beyond what could be done in any other way. This extension of business is serviceable alike to the producer and to the consumer. To the producer it procures a readier sale for his goods;—to the consumer it multiplies commodities, and reduces their prices, through a saving of expense, and an extension of competition. Nor is there anything that prevents these benefits from being still further extended than they are, by allowing credit almost wholly to supersede the use of the precious metals, but a want of honour and confidence between man and man, and which a higher elevation of moral character prevailing in the mercantile world would supply.

Such being the services rendered to commerce by credit, which must increase in proportion to its extension, it is obvious, that every measure which restrains it, or checks the free use and circulation of those engagements which serve as its evidence, by stamp duties on such engagements, or otherwise lessens the security for the recovery of the debt, must be injurious. The

interference of government in such matters may be beneficial, when, by regulations established through its authority, greater convenience or security can be conferred on the instrument of credit. But in other respects, it is advantageous to allow to mercantile men the fullest freedom in the use of such forms of money or of credit as their ingenuity and sagacity can devise. The governments of most civilized countries have wisely reserved to themselves the exclusive right of coining metallic money, in order that the circulation may be of convenient denominations, exact weight, and of established fineness, and in order to prevent the impositions which would be practised on the public, were the coinage of money permitted to private persons. To a certain extent, the issue of paper money may be regulated or controlled by government. It may be convenient to restrict the circulation of paper to sums of a certain amount, and to notes of certain denominations; and it may be advisable to adopt regulations for securing the public from being defrauded through worthless paper, as well as through base coin. But the general principle is freedom in all matters relating to credit, of which these are only exceptions.

Though it is easy to comprehend the nature of the benefit which accrues to industry from credit, the use of bills, and the substitution of a paper currency for coin, yet the amount of this benefit, and the saving thus effected to a country from the use of a cheap instead of an expensive medium, is not easily ascertained. The whole of the circulation of Scotland is paper. The quantity of metallic money in England has been conceived to be about thirty millions sterling; twenty millions of which are gold, and ten millions silver. In the year 1830, the Duke of Wellington, then prime minister, estimated the amount of notes and coin in circulation in Great Britain at £70,000,000. It is impossible, however, to ascertain with any precision the amount which the country at any time employs.* If we knew

* "The quantity of money actually in circulation in France has been variously estimated at sums equivalent from 90 millions to 120 millions of pounds sterling. The quantity of metallic money in the various nations all over the world is perhaps ten times as much, or a total of at least 1000 millions." Vid. State of the Nation, &c. 1835.

the amount of all the promissory notes in circulation issued by the different banks, that would not indicate the quantity of coin supplanted by paper. Of such paper, the bank notes form but a part, perhaps but a small part. Most mercantile transactions of magnitude are conducted by bills, and every time these bills pass from hand to hand in payment, they save the employment of a like amount in money. Even when ultimately discharged, they are most frequently paid by cheque on a banker. Thus, not only bank notes, but the promissory notes and bills of private individuals, whether payable at sight or after date, and bankers' checks, supply the place of money, and lessen the number of payments that must otherwise be made in coin. Now the whole produce of the land, labour, and capital of the country, (excepting that small portion of it which is consumed by the immediate producers,) must be paid for in a medium of some kind or other every time that it changes hands, from its original state of raw materials or produce, through every stage of its progress in preparation for use to its ultimate supply to the consumer, increasing in value in every successive sale, in proportion to what has been previously expended upon it, nearly equaling, in its last sale to the consumer, the whole annual public and private revenues of the country. It is true, a circulating medium may perform payments in rapid succession one after another, but when the whole annual revenue is to be paid for several times over, we may be assured that the quantity of circulating medium of some kind or other necessary to effect these payments must be very considerable. If it were attempted to carry on all dealings by payments in cash only, all the precious metals in the world would be insufficient to make more than a very small part of the necessary payments, and direct barter would in many cases be found the more convenient method. Now, the amount of capital saved and turned to direct production, by supplanting in great part with paper and credit the gold and silver money which would be necessary to effect all these payments, must be incalculable. The saving of expense, too, which the maintenance of so much coin in an undiminished state would involve, must be very considerable.

When bank paper is substituted for coin, it is an essential

requisite that it be always convertible into the money which it represents, at the option of the holder. Without this, it cannot be expected to continue long in an undepreciated state. However, so long as the public have confidence in the security it presents, an inconvertible paper currency, if properly limited in quantity, may maintain such a value in circulation that it shall seldom be the interest of the holder to demand payment, and as long as this is the case, little inconvenience can result from its inconvertibility. The limitation need not be to a uniform amount under all circumstances, but may be extended and contracted from time to time as the wants of circulation call for a smaller or larger quantity.

SECTION IV.

On Banks

THE banking business is one of the occupations into which the division of employment distributes the members of an opulent commercial community. It contributes its full share of valuable services to the general welfare. These may be considered as of three distinct kinds. First, it saves labour which must otherwise be expended; and therefore makes labour more productive by the amount so saved and rendered applicable to other purposes. Secondly, it economizes money, by rendering a smaller quantity capable of making the same amount of payments, thus leaving the remainder applicable to other uses; and in economizing money, it sets free a portion of capital from investment in the precious metals, and renders it available to other productive purposes. Thirdly, it extends credit and confidence. In these different ways, its effect, as far as every beneficial object is concerned, is the same as though it multiplied the money and capital, increased the industry, and extended the credit of the country, by all the amounts thus saved and rendered applicable to other uses.

It has been computed, that the labour of counting a million sterling in sovereigns, at the rate of one every second, and for

ten hours a day, would employ one person a month. In conducting the mercantile transactions of such a place as London, the sums of money which are daily received and paid must be very numerous as well as large in amount. To take an example—In the year 1830, a computation was made of the number of bills and cheques and their amount paid by four of the banking houses in London; when it appeared that in three days, viz. the 13th, 14th, and 15th of May, the number was 45,800, and their total amount £10,950,000. It was estimated, likewise, that these four houses together paid on the average £500,000,000 a year. At the bankers' clearing house in London transactions are daily settled to the amount of £5,000,000,—on some days of £13,000,000. If there were no banks, the money necessary to pay all the sums required in conducting business must be kept by the merchants and others in their own houses; and if there were no paper money, which at present the banks supply, these sums must be kept in coin. Now the labour of counting such large sums, of ascertaining the goodness of the money, of conveying it from place to place, and the danger of keeping and transmitting it, would be so considerable, and require so much care and watchfulness, that a great deal of the industry of the country must be withdrawn from productive occupations to undertake these duties. But by the operation of banking, this labour and care are taken off the hands of the merchants and others, and are performed for them by the bankers, free of expense, and in a more satisfactory manner than they could perform them for themselves; while through the use of bank paper instead of coin, and the methods of conducting business adopted by the banks, the labour is reduced to almost nothing in comparison. Each merchant, instead of keeping a large sum of money in his house, keeps it at his banker's, giving drafts on him for the sums of any magnitude he pays, and receiving drafts on bankers for the sums he receives. By writing the name of the banker who is to receive the money across the face of the drafts, they are paid to no one else, and therefore, if lost or stolen, are useless to any other person. The drafts received by the merchants and others are taken to the different banking houses to be received by the bankers. At the end of

the day each banking house sends a clerk to the clearing house, where they all meet and exchange the drafts on their respective firms, balancing the sums against each other. The balances are transferred from one banking house to another, and the several balances are finally wound up by each clerk into one balance. The difference between the whole sum which each banker has to pay to all other city bankers, and the whole sum which he has to receive from all other city bankers, is, therefore, all that is discharged in bank notes or money, and this is paid next morning. Thus the receipt and payment of a multitude of sums of money by a great many individuals between themselves, is reduced to the payment of only one sum between one banker and another; and, instead of the receipt and payment of the gross amounts on both sides, it is only the payment on one side, of the difference between them.* Accordingly, with this reduction in the number and amount of payments, in which money must otherwise be employed and counted out, the trouble and risk are diminished in the same proportion.

Again, the banks undertake the business of transmitting money from one part of the country to another. If money is to be sent from London to some place in the country, as most of the country bankers have correspondents in London, the money, if paid in to the correspondent in London, will be paid by the bank at the place required; while the different sums paid in and received at the two places about the same time, leave only a balance to be occasionally remitted from one to the other, as the case requires; enabling the banker to perform the business for a trifling per centage, if prompt payment is required; or without charge, if time be allowed him. Thus the debts and credits of different places being set off against each other, the expense and risk of sending money is greatly diminished.

As the bankers hold the cash which a great number of persons, engaged in dissimilar pursuits, keep ready to answer

* In the year 1810, it was estimated, that the drafts exchanged at the clearing house amounted to from £5,000,000 to £15,000,000 daily; the balances of which paid in notes on the following day amounted to from £250,000 to £500,000.

current demands, and as it does not happen that all of them at the same time are drawing out the whole of their money; but, while some are drawing out, others, at the same time, are paying in, leaving always a large balance in the banker's hands; the bankers are enabled to apply a portion of this balance to useful purposes, which would otherwise lie idle and unproductive in the hands of their customers, and this without inconvenience to the customers themselves, each of whom can still command all his money at any moment that he requires. The bankers employ the available cash in their hands in discounting mercantile bills, in advancing money to such persons of credit as are in want of temporary assistance, or in some other way to produce an interest or profit; thus reimbursing themselves for the expense of keeping the money and cash accounts of their customers, and realizing a profit for their trouble. By the performance of these several duties, the bankers' profits are as fairly earned by the valuable services which they render to industry, as is the profit or earning of any other class. Competition amongst themselves effectually prevents their charges exceeding what is reasonably due for the employment of their time and capital; and the excess is a clear gain to the public.

Bankers at first discounted bills in the current coin of their respective countries; and afterwards, as confidence increased, they adopted the practice of discounting in their own promissory notes, payable on demand. When the public confidence in a bank is such that people believe it is able to answer all the demands which can be made upon it, these notes acquire the same currency as money, from the expectation that the money which they represent may always be procured for them. Now though some of these notes are daily returned upon the bank for payment, yet a considerable part of them continue in circulation for months or years. Five thousand pounds in money may be sufficient to answer the casual demands occasioned by the issue of twenty thousand pounds in notes. In such case, therefore, five thousand pounds in the precious metals may perform all the functions which would otherwise have required twenty thousand to perform; and a power of discounting bills and of extending credit is acquired to the extent of the difference. Thus money and capital are economized, and the saving applied

to assist industry in its exertions; to impart renewed activity to it; and enable the capital of a country to carry on a greater trade. But, without the banking system, as an infinite deal more labour and risk would attend pecuniary transactions, and as more money would be required to carry on the same business, money therefore would be scarce, and less business must be transacted; the consequence of which would be that the quantity and quality of the productions of industry would be diminished, the interest of money would be higher, the wants of the people scantily and badly supplied, and the prices of every article increased.

The credit which the banking system, in its two operations of holding the cash of individuals, and of issuing paper money, gives the power of extending to trade, in enabling bankers to discount bills and afford pecuniary assistance to persons in business, is of the highest public benefit. When a trader has an opportunity of purchasing to advantage, but has not ready cash sufficient for the purpose, though bills or money may be shortly coming in, and a banker, out of the balances of his customers, discounts these bills, or advances the money for a time, in thus enabling the trader to seize the favourable moment which would otherwise be lost, and to make the desired purchase, he not only enables him to carry on what he anticipates will prove a profitable speculation, but at the same time obtains a market for the seller, which could not otherwise be procured; at least not to the same extent. In this twofold service rendered to the parties, the banker contributes to a more certain market for the sale of goods, and at remunerating prices; keeping prices more steady, and frequently saving great loss through a sacrifice of price. The seller, having obtained the money which he wanted, is enabled without delay to go on again and bring to market a fresh supply of goods.

The banking system tends likewise to strengthen credit, and to circulate and extend it. Bankers, from their situation and opportunities, possess superior means of distinguishing the careful from the improvident trader. Most of the bill transactions of the neighbourhood pass under their inspection. It is a branch of their professional experience to appreciate the credit of the traders within their district of circulation; a branch which they cultivate with

great assiduity. It is said to be the practice of banks to communicate such intelligence for their mutual advantage, and by the information gained in these ways they are enabled to measure out confidence nearly in a just proportion. The credit of a bank of issue is well known throughout a considerable district, while that of private parties is much less extensively known. The bankers, in lending their notes to private persons, with whose credit they are satisfied, contribute to circulate and extend credit and confidence. On the other hand, each banker endeavours to limit, not only the sum which any one trader shall obtain from himself, but the amount also, as far as he is able, which the same party shall borrow in different places; endeavouring, above all, to discourage accommodation bills. While thus the transactions of the country traders are surveyed by the banks of their respective districts, those of the country banks themselves are under the view of the London bankers, their correspondents; and these, again, are in some degree controlled by the Bank of England, which restricts, according to its own discretion, the credit afforded to them. This series of checks, though far from preventing all injurious speculation, presents a powerful obstacle to its progress.

The inconveniences to which the public are subject from banks of issue are, the failure of the banks, the forgery of their notes, and a want of sufficient steadiness in the amount and value of the paper in circulation.

To prevent the failure of banks, however important an object, is nevertheless one which it is impossible wholly to accomplish. The success, the good or bad fortune, of a bank must depend on the extent of its connexions, and the skill and prudence of those who conduct its concerns. No established rules or legislative provisions can insure or confer these qualities, or point out that course which in the endless vicissitudes of business shall command success; nor can any provide against failure in a business which, more than any other, rests on the unstable basis of public confidence, which a breath may destroy in a moment. But it would be some security to the public, if no private individual were permitted to issue notes who should not previously show himself possessed of a considerable property. Even this, however, could not be an effectual security, because the

amount of notes issued might be so large, that no property which could in reason be required to be previously possessed would bear an adequate proportion to it; and if a very large property were required, it would preclude many persons from establishing a bank, particularly in the infancy of the banking business, or in small towns, who nevertheless might be suitable persons to establish one, and who otherwise might contribute thereby to the prosperity of their neighbourhood. Another method which seems to afford some security to the public, is, that the partners in a bank should be numerous. Acting on this view, the legislature recently relaxed the strictness of the English law, which forbids more than five partners in any business, making banking at a distance from London an exception to the rule. The ill effects which this ancient law was intended to guard against, from forestalling goods, raising prices, and ruining the smaller traders, are little to be apprehended in banking; and it seems particularly to be desired in this business, that either the persons should be very rich, or the partners numerous.

But perhaps there is no way in which the public can be so effectually secured against the failure of banks of issue, as when such banks are joint-stock companies, with a paid-up capital. The affairs of a joint-stock company are necessarily in a certain measure public, and people can be assured that, before it begins to issue, there has been a real capital actually deposited by the shareholders, which, though the shares in it may be transferred from one person to another, cannot be withdrawn from the concern; but must remain there not less as a security to the public for the responsibility of the bank, than as a security from one shareholder to another. In a private partnership bank, there may not be any money actually deposited by either of the partners; or, if there should be, the public can never afterwards be assured that it has not been withdrawn; and the apparent wealth of a bank which has began to issue is no evidence of its actual solvency; since the public cannot know the amount of its paper in circulation. It is true, instances have come to light in which even the provision of a paid-up capital has been evaded, and its security rendered worthless, by the partners immediately obtaining credit from the bank to the amount of their respective shares. But it is hoped that such

frauds on the public admit of prevention by legislative regulation.

With regard to a steadiness in the amount of paper in circulation, distinct banks in different districts, each supplying a limited extent of country with its paper, seem preferable to one or two very extensive establishments, having branches spread all over the country. If the credit of one bank fail, the evil is limited, and extends to but a portion of the community, leaving the rest unimpaired, and able to assist the distressed portion in bearing up against the temporary inconvenience. Where there is only one great bank, its power over the amount of paper in circulation, and over the extent of pecuniary aid afforded to industry, is complete, and its issues may be extended or contracted from time to time, at the pleasure of its managers, or as their opinions with respect to coming events may decide; and thus produce not merely public inconvenience, but national distress. But in the case of many banks, the paper circulation and the extent of credit cannot be so under control. They are not likely to be all extending or contracting their issues together; the groundless apprehensions as to future prospects of a few may be counteracted by the sounder judgments of the many; the competition amongst themselves will always induce them to afford to the public the greatest accommodation consistent with propriety, and the inconvenience occasioned by the contraction of the issues of one, when no sufficient cause existed for it, will be relieved by the extension of the issues of the others.

Competition, too, acts favourably to private credit. A man who has been accustomed to get bills discounted by a bank, and who has in consequence been induced to extend his business beyond the power of his own capital to conduct, may have this accommodation suddenly withdrawn. If there should be no where else to which he can go for similar accommodation, he is perhaps in danger of bankruptcy; since he may not be able to contract his concerns quick enough to enable him to meet his coming demands for money. But if there are more banks than one, it is not likely that caprice, or a groundless suspicion, should actuate them all at the same time; and, unless the suspicion were well founded, he would be able to get that assistance from one bank which is refused at the other. Again,

competition acts favourably to the public in preventing an unreasonably high rate of discount; and in procuring a degree of attentiveness, as well as of accommodation, which could not otherwise be expected.

It admits of question, whether the Bank of England is not too large an establishment, and its operations too little under restraint from the competition of other banks, to be consistent with the security and steady prosperity of the commercial and other interests of the country. Its monopoly is unsound in theory, and its practice has sometimes been productive of disastrous consequences. This monopoly can only be justified from its conferring either a greater security or a greater convenience on the circulating medium and monetary transactions. The free competition of trade is allowed in every other matter, not only without producing injurious results, but, on the contrary, producing such as are most beneficial to the public,—causing a steady and certain supply of every article of life, at prices which are advantageous to the consumers, and which yield only a fair remuneration to the producers. There seems no sufficient reason why, in the case of the supply of paper money, this free competition should be excluded, and a monopoly established. Money is not more essential than many other things. The necessaries of life—food and clothing, always stand before it in public importance. We cannot doubt that the freest competition amongst banks would afford a steady and effective supply of notes. In Scotland, this is found to be the case, where the currency is of unquestionable security, and the channel of circulation always full, but without excess. The affairs of the Bank have been more than once managed by persons whose conduct evinced that they were unacquainted with the first principles of monetary value; that they did not know the fundamental rules of their own business, or understand the effects of their own operations.

During the time of the restriction, in spite of a depreciation in their paper which caused the exchanges to be unfavourable to the extent, at their utmost point, of 32 *per cent.*, they nevertheless contended, that the notes were of sterling value. But without further raking up the disastrous errors of by-gone times, let us come to more recent instances. Within the last twenty years,

questions of currency have been better understood than at an earlier period, and yet during that time there have been three or four oscillations in the value of money. At one time an extension of circulation, inducing unlooked-for commercial prosperity and unwarrantable speculation; and at another a contraction of issues, stopping production, and scattering ruin on every side. And what is the system of the Bank at this moment? When its coffers are full of gold, it extends its issues. And when its gold is drained low, it contracts them. In the first instance, it assumes that the currency is not full, and in the other that it is in excess. But is it not possible that the contrary to these may be the real facts? When gold flows into the country in large quantities, it is in payment of goods which have been exported in large quantities. The money and credit which enabled the manufacturers and merchants to manufacture and export these goods were sufficient for the purpose, as is proved by the facts and by the happy return. To extend money and credit at such a time is therefore at least uncalled for, if not mischievous: things go on prosperously as they are. But if money flow in in larger quantity than is wanted by the Bank, it is useless for it to purchase more; and if further purchases be declined, the gold must then fall in price, or be exported again. On the other hand, when gold is exported in unusual quantities, this is in payment of goods which have been purchased abroad, and through want of production at home of the goods that ought to have made the payment. Domestic production, in such case, is unequal to its task, and needs to be assisted by money and credit, instead of being crippled by the withdrawal of that help which it has customarily received, and which a contraction of the issues of the Bank, that invariably follows, is sure to occasion. True, it may be said on the other side, that when gold flows in it may be because home goods are low, and have therefore found an extensive sale abroad; while, when gold is sent out, it may be because such goods are high, and cannot in consequence be disposed of in a foreign market.

Setting aside, however, the facts of erroneous management on the part of the Bank, it still admits of question, whether the monopoly of the supply of the great medium of circulation of the country, with the power of extending and contracting its amount

at pleasure, and thereby of fixing all prices, should ever be at the will of a few irresponsible individuals. The magnitude of the consequences to private credit, and to all productive interests, which such power might involve, seem too great to be safely confided to any private individuals, however wise and honourable; but less than any to those whose interest is at variance with that of the public. The Bank is a body of private money-lenders, associated for their own interest, and not for that of the public; and their interests would often be advanced by measures which would be destructive to those of the public. The policy most becoming to such a body seems to be rather, that the accommodation it affords to the mercantile world should as nearly as possible be at all times of a steady and equal amount, varying only as extraordinary circumstances may appear to require,—not to take upon itself the fixing of prices in general, and determining whether they shall be high or low. Yet to suit its own purposes, it extends or contracts its accommodation just as its coffers happen to be full of gold or otherwise.

We cannot, however, admit that the paper currency should emanate from the government, and rest on its credit. The medium of circulation ought to stand independent of the state, resting either on its own intrinsic value, like coin, or its unimpeachable credit, as secured by property of adequate amount; since the credit of paper depending on nothing but government security would be destroyed, and its circulation stopped, by any political convulsion which should place the existence of that government at hazard, and give a shock to public credit; whence the greater part of the circulating medium of the country would be destroyed at a moment when the want of confidence would be most severely felt. A paper circulation emanating from the government would indeed be free from commercial panic, but would be exposed to what is worse—political panic; and must be felt to be an intolerable evil in times of war and public difficulty. It is the province of government to stand opposed in hostility both to foreign enemies, and to insurrections at home. It is liable in these hostilities to be overcome, and a doubt even of its security may destroy the credit of the paper resting on its stability, in the moment of the greatest difficulty. The warlike character of government should separate its pecu-

niary resources as much as possible from a dependence on credit or opinion, and present its means, like its weapons, of hard metal, efficient under all circumstances, and fitted to withstand both open attack, and insidious underminings of reputation. When the paper circulation rests on the credit of banks of adequate property, and unconnected with the state, these, as they cannot be engaged in hostility, would continue, though the government were overthrown; and confidence in their stability would remain, even through a revolution in the state; since such an event would afford no additional ground to doubt their solvency, so long as their property remained undespoiled. Not that an overthrow of government is an occurrence which in itself needs to be provided against; but such an apprehension of it may often be occasioned by adverse political occurrences, as to cause a run upon a bank dependent on the state, though without any real ground for the apprehension. In this view of our subject, we are led to doubt whether the Bank of England is not too much identified with the government, from the very large advances of money which it has made to the public service; and which have so curtailed its available resources as to lead to the apprehension that it might prove incapable of withstanding those trying times of difficulty and alarm, and those violent convulsions, to which all states are at times exposed, and in which demands might be made upon it to an extent for which no provision has been, or under present circumstances could be, made.

For the reasons now given, we cannot coincide with the opinion which has been held, that the issuing of paper money, like the coinage, should be exclusively in the hands of government. It is true, the government would thereby have the power of securing a certain uniformity in the value of the circulation, by a proper adjustment of the supply to the demand; and the issuing of notes may be a business which a government might well conduct, from its admitting of being reduced to a strict routine, and falling within the compass of a few clear and definite rules. But there are objections that may he urged on the other hand, which seem to outweigh the possible benefit which such issuing would procure.

If the issue of notes were in the hands of government, it could

not be expected that the money or securities procured in exchange for the notes would be preserved in the form of capital to be lent to private traders; the money would assuredly be spent in the public service, for which sufficient exigency would seldom seem to be wanting; and no property would remain to answer in payment for the notes. But the most beneficial consequence of the banking system, and of the issue of paper money by private or corporate banks, is, that, in this way, a very large credit is acquired, which serves the place of an equal amount of capital, and is, as it were, a capital procured out of nothing, which is lent to persons engaged in business—constantly returning indeed, but as constantly reissuing. The beneficial results accruing to the community from the facility of obtaining credit thus given to persons engaged in active life, are of much greater magnitude than is generally conceived. These persons are most of all able to employ capital with advantage, and when it is thus placed at their disposal, agriculture, manufactures, and commerce are assisted in their operations, and enabled to extend their operations, and undertake works which would otherwise have exceeded their power. But if the money acquired through the issue of a government paper were expended in the ordinary disbursements of the state, instead of being constantly on loan to a multitude of persons whose opportunities present the means of employing it with the highest measure of success, a totally different character would be given to it. It is true the people would thereby be saved the payment of so large a sum in taxes as must otherwise be required of them. When the government abstains from demanding from the people so large an amount of taxes as the public expenses call for, the sums so left in their pockets are almost wholly expended by them as revenue, instead of being accumulated into capital; and after the government should have spent the amount acquired by the paper circulation, this whole capital would have become entirely lost, without leaving any traces behind more than if it had never existed. When, however, the whole expenses of the state are required from the people, and paid out of their revenue, while the capital acquired by the issue of the paper is at the disposal of banks, and lent out to be employed in business, this capital,

so far from becoming dissipated, gives the means of enlarging its amount by fresh acquisitions and accumulations. The lasting advantages accruing from the most advantageous employment of such capital in this way, are wholly out of comparison with the trifling benefit resulting to the people from the small and temporary diminution of taxes upon them.

A great portion of the unprecedentedly rapid strides in opulence that have been made by our country within the last half-century, must be ascribed to the large capital which the paper currency and the banking system have placed at the disposal of our industry. Waste lands have thus been brought under cultivation, and improvements made on lands before under culture, manufacturing concerns have been established, enlarged, and extended, and commerce carried apparently to its highest pitch of activity and enterprise. Doubtless the power which almost unlimited credit has placed at the command of individuals has in many instances been abused, and employed in improvident and hazardous speculations, the failure of which has not only made bankrupts of the parties who entered into them, but has sometimes involved the ruin of the banks through whose means they were carried to so unwarrantable an extent. But we ought not to infer from isolated examples of abuse of the confidence reposed, that the whole consequences which the general system of credit has produced to the country at large are not beneficial, for they are so beyond all possible computation. Although the power which the paper currency and the banks have conferred may, in unskilful hands, bring ruin both on the individuals who employ it and on those who assist them, yet it is equally applicable to purposes of the highest public advantage, and requires only skill and prudence in the management. When we reflect on the amazing amount of credit thus afforded to industry, and from which it cannot but have derived benefit in the great majority of instances, or it would not have been continued during a long series of years, the insolvency of a few individuals is as nothing in comparison with the innumerable though unheard-of instances of advantage. On the other hand, the employment of a currency chiefly metallic confers the power now alluded to only in an inconsiderable

degree: the operations conducted by it are, it is true, surer; they are, however, much slower and much less extensive.

It may be contended, in opposition to the statement now advanced, that what the banks lend to persons in business is nothing but paper—not articles of capital which can be employed in production, such as raw materials, implements, machinery, food and clothing for the subsistence of labourers productively employed, but only paper, which has no real use or serviceableness in itself. In answer to this it should be recollected, that the banks, by the substitution of their notes for the expensive medium of coin, through the public confidence in their fulfilling the engagement to repay in coin on demand enabling them to effect such substitution, have caused an exportation of coin no longer wanted at home of equivalent amount to the notes issued. This exportation has brought into the country articles of capital which could not otherwise have been procured. These articles, or their value, belong of right to the banks, and must be re-exported to bring back the coin, should the public ever demand payment of the notes. In the interim, however, these articles of capital remain in the country, available to the purposes of industry; while the circulating medium sustains no injury, the notes performing every office which the coin they have displaced could have done, had it remained at home. The banks transfer the right to use these foreign articles of capital, or their equivalents, to the individuals to whom they lend their notes. It is not, then, paper of no value which is lent. The paper is the title deeds of *bona fide* articles of capital that have been purchased from other countries, and could not have been thence procured without them; the employment of which remains with us during the interim. If, however, it were for the moment admitted, contrary to fact, that no such foreign articles have been procured, and that it is mere *credit* to procure things which is lent, this credit is still in the highest degree useful. It occasions a demand for articles of capital which could not otherwise have existed; and transfers them from the hands of persons who are little able to employ them with advantage, to the hands of such as are more so. The mass of credit accumulated, if one may so

speak, in the banks, they retail out to persons in business, and in thus enlarging the demand for articles of capital, and making a better distribution of the power of using them, they cause them to be more actively or profitably employed, instead of lying idle. Thus new products are created, and the permanent effect of the continued credit afforded to industry is to augment the amount of the supply of the products it furnishes. If, therefore, it were allowed that it is mere *credit* which is advanced, still the benefit is not nominal, but real and substantial.

Again, if the issue of notes were in the hands of the government, there would exist no superior control over it, that might check an abuse of the power which an incompetent or unscrupulous administration would then possess over the amount of circulation, and over the purposes to which it would be applied. When the paper circulation of a country is disconnected with the state, and in the hands of a company, there is always the security which the control of law over it affords, while the controlling party has no interest in an abuse of the power which might be practised. We have seen that the Bank of England in perilous times has suspended the payment of its notes in cash, and it cannot be expected, in such times, and when a large demand for coin arises, that the government should be more likely either to have the means or the inclination to make extraordinary sacrifices to continue cash payments: the immediate convenience or necessity would be regarded, rather than the future consequences; and thus, by stopping payment, the circulation of the paper might be put to hazard, or a depreciation in its value follow, with all the distressing results which must be brought about by either of these occurrences. If the Bank of England should ever again be called upon for coin to an extent beyond its power to meet, and be compelled temporarily to suspend cash payments, the superior power of the government may control its operations, and require it gradually to contract its issues, until the payment in cash be resumed. But if the issue of notes were in the hands of the government itself, it can scarcely be doubted that so great a power of misapplication, without control, would be frequently abused; because an interest would always exist to exceed proper limits in its issues, and the

demands of persons wanting to borrow in a time of real or alleged commercial embarrassment would undoubtedly afford an excuse. If there is one maxim in the management of a bank, or a paper currency, more to be attended to than another, it is, that the paper be convertible, either at the moment, or within a short period, into the money it represents; and, therefore, that an actual property, equivalent, or nearly so, to the amount of paper in circulation, should exist, convertible within a reasonable time into money, to meet a demand for payment. Money acquired by the issue of notes in discounting mercantile bills of short dates, is always coming in as these bills become due, and is then available to meet a demand for payment of the notes. Money invested in mortgages of real property, though not so quickly available on emergencies, is however securely invested, and may be disposed of in the market for money. Government securities, under ordinary circumstances, are more readily convertible into money than most other investments; but if too large a portion of the funds of a bank be invested in these securities, this portion, in difficult times, may become inconvertible without a great sacrifice, and, in this case, such an establishment, instead of resting on its own resources, becomes identified with the government, and must stand or fall with it.

We may readily imagine the abuses which might be introduced into the practice of discounting the bills of private persons, when in the hands of the officers of government, liable to be influenced by party feelings of political partiality or animosity, as well as the imputation of such motives which might always, whether justly or not, be thrown on the conduct of these officers. Again, when we look to the responsibility that must attach to their office, and the difficult circumstances in which they would be placed in the event of many of these bills proving bad, we cannot doubt that, in order to escape the charge of negligence or misconduct which might be brought against them through such failures, they would discount the bills of only a few persons, whose solvency might be above question; and thus the great body of the commercial world would be deprived of the accommodation which it now obtains, through the competition of banks, and through their more extended

knowledge of persons who may be safely intrusted with credit. Which accommodation a greater competition would still further increase.

Perhaps there is hardly any business which may be expected to be so beneficially and so economically conducted by a government, as by private persons having an interest in conducting it well. Every step in the advancement of political knowledge shows that the objects of legislative interference must become fewer in number; and to extend these, were to retrograde in the scale of experience.

The advantage contemplated from the issue of notes may be equally well obtained by sharing in the profits of the banks which issue them, when these profits exceed the ordinary profits of other businesses, as by their issue on the part of the government itself. It seems that an unusually large profit arises from such issue. From the returns made by the Bank of England to the Committee of the House of Commons of 1832, it appears, that the Bank has divided amongst its shareholders since the year 1797, the sum of £17,318,070, in addition to the annual dividend of seven *per cent.* on their capital stock. And let it be observed, that this large profit has been gained during a period of unusual commercial fluctuations and catastrophes. It is reasonable that the public should take some share in such extraordinary profits; especially if the monopoly of a particular district be granted. When the Bank is a joint-stock company, the simplest mode is to demand a share of the profits of the concern. Without any investigation into the accounts, the dividends and bonuses to the shareholders, which are always of public notoriety, indicate the share due to the state; for though for a time the real profits should be concealed and withheld, they must ultimately come out, and be divided amongst the proprietors.

When the Bank in 1797 refused payment of its notes, their circulation was put to the hazard of public opinion only, and that in times of unusual excitement and alarm. Perhaps there is no other country in the world in which a bank could resort to so dangerous an expedient without at once destroying all confidence in it. Yet it has been asserted, that the currency of this

inconvertible paper was maintained through the necessity of having some agent or medium of exchange. But hardly any thing can be less consistent with fact than this. It was nothing but an opinion of the solvency of the Bank, and of the honour and integrity of those who managed its affairs, that maintained the circulation of its paper under such extraordinary circumstances. Without such opinion and confidence, the most urgent need of a circulating medium could never have given it a moment's circulation. We have seen instances of the failure of country banks, whose paper formed the whole currency of a considerable district, yet the most pressing want of a circulating medium never gave it currency when confidence in the Bank was destroyed, and it became known that the notes would be paid with only so many shillings in the pound.

Another opinion has been held, that the paper currency of a country forms part of the capital of that country. But the paper currency, like the public debt of a country, neither adds to nor takes from its capital. Though a note in the hands of the holder is the representative of capital, yet it is an encumbrance on the capital of the issuer; the ownership of whose property is thereby transferred in part to the holder of the note. It is of value to the possessor, but the other has to pay it. By as much as the one is richer through possessing it, by so much is the other poorer. The value of a paper currency, that is, the degree of estimation in which people hold it, depends on the belief which they have that the amount which it represents will be paid when demanded. In the case of the Bank of England paper, during the time it was inconvertible into cash, there was not in fact a certain belief that it would be paid in coin, but no one feared that the value which it represented, and for which is was taken, would not ultimately be paid, or would ever be refused to be given for it: hence its continued currency. A paper currency sets free a portion of capital from investment in the precious metals, and it acts as capital in abridging labour, the same as any tool or machine. But the value of the tool or machine, when estimated as capital, is not reckoned according to its usefulness, or the saving of labour it effects, but according to the cost of its construction. So it is with the paper

currency. If it be accounted part of the capital of a country, it cannot be estimated according to its utility; according to the value of the capital invested in the precious metals which it has set free; or according to the value of the commodities it circulates: but according to the cost of its manufacture; that is, the cost of the paper and printing; which are, indeed, so small as to be not worth the reckoning.

SECTION V.

On the Value of Money, and the Causes and Effects of a Change in that Value.

THE value of gold and silver, like the value of commodities, depends, as we have seen, on the cost of acquiring them; and varies with an increasing or decreasing difficulty or expense of acquisition. In the mining countries, it is the cost of extracting them from the earth: in other countries, it is the cost of the goods which must be given to purchase them. Improvements either in extracting, purifying, or conveying them to market, the discovery and working of richer veins of ore, or improvements in the production of the particular sort of goods with which they are purchased, lower their value; while, on the other hand, increased difficulty in working the mines, poorer veins of ore, or increased difficulty in the production or transmission of the goods which are accepted for them, raises their value. The value of metallic money, we have also seen, is determined, within certain limits, by the value of the metal it contains; and, accordingly, money, even when composed of gold and silver, is liable to vary in value from time to time, not only from accidental and temporary causes, as fluctuations of commerce, difference in the productiveness of seasons, and the like, but from natural and permanent causes, occasioning variations in the circumstances under which the metals out of which it is coined are produced and brought to market; and which, though slow and gradual in their operation, and concealed from common observation, are not the less real and decided in their effects on prices,

extending equally, or very nearly equally, throughout the greater part of the commercial world. The value of a paper currency, exchangeable at will, either for coins of a standard weight, or for bullion, is exactly determined by the value of the coin or bullion which can be obtained for it. The reason is obvious. If the value of the paper should at any time fall below that of the coin or metal, that is, should not go so far in making purchases or payments, every person who held the paper would demand the coin or metal. Thus the value of the circulating medium, whether of coin or convertible paper, resolves itself, within certain limits, into the value of gold and silver, or whichever of these metals may be the standard of value; it is determined by the same circumstances, and liable to vary from the same causes.

As the value of any given quantity of money must, in the nature of things, be equal to the value of the goods for which it will exchange; so, in one sense, the cost of bringing to market this quantity of money, must be equal to the cost of bringing to market the goods in question; but, in another sense, it is not so. In this cost, both of the money and of the goods, are included the wages of labour, the hire or profits of capital, and the rent of the mines or land. The wages of labour of different kinds are paid for in different countries at very unequal rates; so likewise are the profits of capital in different countries, as well as the rent of land. Consequently, the quantity of labour exerted, of capital and land employed, in bringing to market the money, may be very different from the quantity of labour, capital, and land employed in bringing to market the goods which are bought with it. But what is here spoken of is the cost to the *merchant*, or *last party*, who actually brings the two into the market. In each country, the customary rate of wages, profits, and rent must be paid, and more than this will not be given. But as regards the merchant, or last party, the cost on both sides must be equal. For if at any time the cost of bringing to market the goods which a given quantity of money will purchase be greater than the cost of bringing the money, the merchant will not get so good a profit as he would if he brought money instead of goods; and being able to change his article of

import to whatever pays him best, he would cease to bring that kind of goods, and would bring either money or some other kind of goods instead. The consequence would be, that more money, and fewer of this kind of goods, would come to market, until the value of the money should fall, and that of these goods should rise again to an equality with each other.

The actual value of money is of small moment; all that is wanted is a certain steadiness of value, in order that it may pass for as much as it was taken for. Its possessing a higher or lower value, only causes a smaller or larger quantity of it to be employed, and occasions it to be more or less cumbersome in use. The quantity of the precious metals employed in coin is, therefore, matter of indifference. Whether this quantity be great or small, or whether these metals be in part or wholly dispensed with by paper or some other substitute, comes to the same thing, provided the functions of money be as conveniently and completely performed in the one case as in the other.

Take any country at any given time, and there is a certain quantity of money wanted to perform the offices of money, and, let this quantity be what it may, it is always sure to be in circulation in that country. It may not be always the same number of pieces of coin or notes, these may be very different at different times, but it is the *value* of these pieces or notes: this value always equals the duty it has to perform, or the quantity of goods and services it circulates. There comes into the market, on one side, a certain quantity of goods to be sold for money, with a certain quantity of land, labour, and capital to be let to hire for money. On the other side, there comes a certain quantity of money; and the goods, with the labour, land, and capital, of the one side, are sold or let to hire against the money on the other which is to pay for them. Prices therefore adjust themselves to meet the two sides, and vary from time to time, according as the proportions brought to market on each side vary. Increase the commodities, and they become cheaper; increase the money, and they rise in price. So, on the other hand, a diminution either of the former or of the latter has a contrary effect.

"Prices do not so much depend," as Hume remarks, "on

the absolute quantity of commodities and that of money, which are in a nation, as on that of the commodities which come or may come to market, and of the money which circulates. If the coin be locked up in chests, it is the same thing with regard to prices, as if it were annihilated; if the commodities be hoarded in magazines and granaries, a like effect follows. As the money and commodities, in these cases, never meet, they cannot affect each other. Were we, at any time, to form conjectures concerning the price of provisions, the corn which the farmer must reserve for seed and for the maintenance of himself and family, ought never to enter into the estimation. It is only the overplus, compared to the demand, that determines the value."*

This whole value of the circulating medium of a country may become greater or less in three ways. Either, 1. Through a change in the mode of conducting business, requiring a greater or less employment of money to carry on its transactions; or, 2. Through a larger quantity of goods, services, and land, sold or hired, and to be paid for, leading to the introduction and use of more money; or, lastly, Through a more rapid or slower circulation of the money.

In the earlier stages of society, before the division of employments had been well established, and commerce been much extended, the greater part of the produce of industry was consumed at home, or given directly in payment for other produce or labour. In such a stage, "The wool of the farmer's own flock, spun in his own family, and wrought by a neighbouring weaver, who receives his payment in corn or wool, suffices for furniture and clothing. The carpenter, the smith, the mason, the tailor, are retained by wages of a like nature; and the landlord himself, dwelling in the same neighbourhood, is content to receive his rent in the commodities raised by the farmer." But when the division of employments is better established, there are more exchange and commerce of all kinds, and more money enters into that exchange. Goods that are consumed at home, or exchanged with other goods in the neighbourhood, as they never come to market, do not in the least affect the current specie.

* Essay III.

But after money enters into all contracts and sales, and is everywhere the measure of exchange, the same national cash has a much greater task to perform; all commodities are then in the market, and the sphere of circulation is enlarged. Hence one reason why, since the discovery of America, prices in Europe have not risen in so great a measure as the circulating cash has been increased—the state of society has required a larger circulating medium to carry on its transactions.

Again, when the industry of a country is fully employed, is highly productive, and the riches of the people increased, more money is required to circulate the values created and possessed by it. But when its industry is inefficient, and its people poor, but little money is sufficient for their use.

Once more, the quantity of money necessary for making a certain number of payments in a given time, is in the inverse ratio of its velocity of circulation. Whatever, therefore, quickens its circulation, contributes to economize it, and render a smaller quantity sufficient to make the same number of payments. And if by any cause its movement be retarded, the want of a larger quantity will be felt. The operations of banking, and the employment of paper in lieu of coined money, economize money, bring into use sums which would otherwise lie idle in the coffers of private persons, and thus increase the rapidity of circulation. When the people are in easy circumstances, their money is sometimes kept on hand for a considerable time, and unemployed; but when they are in a needy condition, no sooner does their money come in than it is paid away again in the purchase of articles they want, or in the discharge of debts contracted. In mercantile transactions, on the other hand, a high state of mercantile confidence accelerates the circulation; while it is apt to be retarded during intervals of distrust and alarm. Every merchant who lies under pecuniary engagements, must, as Mr. Thornton observes, not only arrange the punctual fulfilment of these, but must reserve a further provision against contingencies. During an interval of alarm, he of course makes this reserve somewhat larger than in ordinary times, and at a period of great confidence he ventures to keep it rather less. Some kinds of paper, too, circulate more slowly than other kinds. Bills of

exchange, for example, bear interest, and commercial men endeavour to keep the necessary provision for future payments rather in bills than in bank notes or coin, on which no interest accrues. Thus, in these several ways, the same value of money may circulate a larger or smaller value of other things, according as it is more or less rapid in its circulation.

Again, money itself is brought into or withdrawn from circulation through several circumstances. The inequality in the productiveness of seasons and of industry, with other fluctuations of commercial affairs, cause goods to be imported or exported in larger or smaller quantities, and occasion an alteration in the balance of trade. To discharge this balance, money is imported or exported, and thus a relative scarcity or superabundance of money is temporarily occasioned in different countries, and the value of every given portion raised or lowered above or below the value of a like quantity elsewhere. When a deficient harvest in England leads to the importation of foreign grain in unusual quantities, we observe a drain on the Bank of England for gold to be exported in order to pay for it. The same thing happens through the operation of political measures; as when preparations for war in foreign countries occasion a demand for gold to fill the military chests. The Bank in such cases restricts its issue of notes, in order to prevent the exportation of the gold, and money becomes scarce, the diminution of its quantity raising the value of every individual portion.

The causes which determine the whole value of the circulating medium of a country, as measured by the goods it circulates, or the payments it effects, may raise or lower its whole quantity and value, without affecting the value of any given quantity of it. Or, on the other hand, they may raise or lower the value of every portion of it, without altering the value of the whole quantity. When a larger quantity of goods is produced, and at the same time money is circulated more rapidly, these may so measure each other as that prices may remain unchanged, and a pound sterling purchase the same quantity of goods as before.

But, as was before observed, the value of money, whatever may be its quantity, cannot permanently exceed the duties it

has to perform, or the amount of payments it has to make. It can only do so for a short time. The owners of goods or of money may be unwilling to part with what they possess on terms less advantageous than those to which they have been accustomed, and so withhold their goods or money for a time in expectation of a return to former prices; but these owners will only do so temporarily, and if these prices cannot be procured within a reasonable time, other prices will be submitted to. When, from the operation of the causes now mentioned, more money is put into circulation than is sufficient, at its existing value, to make all the payments which are required, it will eventually become depreciated in value, and a larger amount will be required to pay for the same quantity of labour and of goods. On the other hand, when money becomes scarce, its value rises in proportion to the deficiency below its previous quantity, or the previous relation of its quantity to the duties to be performed. In the former case, the money prices of everything rise; in the latter, they fall.

Suppose in any country that money becomes in excess of quantity with reference to previous circumstances. Whether this be the result of a smaller quantity of goods and labour to be paid for, or of an additional quantity of money put into circulation, the value of the money cannot but fall; for, as the business of circulating all the existing values required no more than the previous quantity of money, there is no use for the surplus. But money is much too valuable to be suffered to lie idle; no person will keep long by him, unemployed, money for which he has no occasion. What is beyond this, if he do not spend in enlarged consumption, he will endeavour to put to some useful purpose, in order to return a profit or interest. As money is plentiful, the return which can be procured may perhaps be smaller than usual; but, however small, it is better than nothing. In order to make the money productive, it must be employed in some business, as extending cultivation, manufactures, or trade. But money itself is altogether useless for such purposes. Neither gold, nor silver, nor bank notes can create any new product; it is only such things as labour, seed, raw materials, implements, or food and clothing for labourers,

that can do this; and therefore the money must be laid out in the purchase of materials and implements, and to hire labourers and land, in order to acquire a profitable return. But when a more than ordinary quantity of money is brought into the market to purchase commodities, whether for enlarged consumption, or for productive uses, and to hire land and labour, the greater demand for them, while their quantity remains the same, will occasion such competition amongst the purchasers as will cause all sorts of goods and of labour to rise in price; and this rise will be such that the increased quantity of money will be all absorbed in exchanging against them. For every one of the possessors of money is desirous of employing it, and will not allow others to prevent him by buying up everything and leaving nothing for himself; and consequently the competition amongst them will cause each to offer high prices, and will enable the possessors of the commodities, or of the land and labour sought for, to procure all the money brought to market. Now a rise of price in all things against which money is exchanged, is the same thing as a depreciation in the value of the money. When commodities are brought to market in more than usual quantities, and must be disposed of, they fall in value. The same effects must follow with regard to money, when an increased quantity of it is brought into the market, and must be parted with, while the quantity of things against which it is to exchange remains the same. There is nothing that hides a change in the value of money from the commonest observation, but the method we take to estimate value,—in the money itself; which, though constantly fluctuating in value, we suppose to be unchangeable. If value were measured by any other standard, as by corn or labour, we should at once perceive that a given quantity of money would exchange against a smaller quantity of other things, when an addition were made to the money in circulation. But no standard can be the measure of its own dimensions, and exhibit its own expansions and contractions. Money, like everything else which might be used as a measure of value, will show accurately the relative variations in value of all other commodities as regard one another; but it cannot show its own variations. To estimate these we must apply

some other standard to it, whose variations in value are occasioned by other circumstances than those which vary the value of money.

While thus the prices of things are raised at home, it may be that the prices of things abroad continue as before, and in such case, the money whose value has fallen at home, if it be suited to export, will be sent abroad to countries where its value remains undiminished, to purchase the cheaper goods of those countries. Hence foreign goods will be imported in larger quantities than usual, in order to realize the high prices they fetch at home, while our own high-priced goods will cease to be sent abroad in payment; but the surplus quantity of money above the natural quantity will be exported, until its quantity at home be so diminished, and the goods to be circulated be so increased, as to restore the equality between them, and bring back prices to their former state. But if the nature of the money be such that it cannot be exported; if it be, for example, a worn and debased coinage, a coinage subjected to a heavy seignorage, or an inconvertible paper currency, neither of which will pass current in foreign countries; then, since the surplus cannot be taken off by exportation, its value must become depreciated to such a degree that its whole quantity will continue to make the same exchanges as before, or circulate the same quantity of commodities, and no more; and the whole value of the circulating medium of the country will remain the same, though the nominal amount of the coins or paper composing it be greater. This depreciation in value is not peculiar to an inconvertible paper currency. A coinage which could not be exported or melted down, when in excess of quantity, through prohibitory laws on the exportation of coins and bullion, (so far as such laws could be effectual,) would suffer an equal depreciation when increased beyond its natural quantity. "No government has the power of increasing the total national money, otherwise than nominally. The increased quantity of the whole, reduces the value of every part; and *vice versa*."

Looking only to pecuniary transactions at home, it might not always be perceived that any excess or deficiency in its quantity existed, or any difference between its value at home and its

value abroad. But when the price of bullion is above or below the Mint price, this is evidence of such an excess or deficiency, and of such a difference in value. In internal transactions, notes and coin may pass at the same value, or one go no further than the other in making payments; but as there are payments to be made every day for foreign goods purchased, if our notes or coin will not be received in such payments at the Mint price of bullion, a difference must exist between the values of the two by the amount of the difference.

When an increase takes place in the circulating medium, it may happen that those persons into whose hands the increased quantity comes may not be disposed to employ it in business themselves. But this would make no difference in the result. The money even to them is too valuable to be suffered to lie idle, and the only difference would be that, instead of their employing it themselves, they would lend it to other persons to be similarly employed, reserving an interest or portion of the profit. Thus, since the money must be employed productively by some one or other, for without this it cannot enable the borrower to pay the interest, the effect on prices would be the same in both cases.

The opposite effects to those now mentioned are produced when the circulating medium is diminished, while the quantity of goods and labour it has to pay for remains the same. The goods and labour are to be disposed of, the same as when money was more plentiful; for those persons who bring them to market do not want them for their own use, and as they must exchange against money, the whole quantity of money will, as before, though less in nominal amount, purchase the whole quantity. In consequence, its value will have been raised, and the prices of everything lowered.

It may be thought that the holders of goods and labour would in such case prefer to barter goods or services of different sorts directly one against another, rather than sell them for money at a reduction of price. But no advantage could be gained by this. For the values of all sorts of goods and services relatively to each other may remain the same, though compared with money they are different, and though a smaller quantity of money is

obtained on the sale of any of them, yet that smaller quantity will purchase again a correspondingly larger quantity of goods and labour of other sorts, and thus procure to the possessors of the money the same quantity of other things, as would have been procured by a direct barter in kind of goods or labour of one sort for goods or labour of another sort, instead of the one sort having been first sold for money, and that money again laid out in the purchase of the other sort.

A metallic currency is liable to be exported and imported from time to time, for the purpose of adjusting the balance of trade, by every country which carries on a foreign commerce; and thus to become scarce or plentiful, and to rise or fall in value, in such countries, by all the causes which occasion a change in that balance. In other respects, however, a metallic currency is but little liable to any sudden and considerable enlargement or contraction in its amount, and, consequently, to any considerable rise or fall in its value; and when such enlargement or contraction does take place, it is only by slow and almost imperceptible degrees, which accordingly produce no very striking consequences. Nations that have no mines of their own can only procure gold and silver in exchange for substantial commodities of corresponding value. Even by nations which have mines, they are scarcely less easily procured, and require an expenditure of labour and capital nearly equal to their value. But with the banking system, and a currency composed more or less of paper, frequent and sometimes sudden extensions and contractions in its amount take place; which, within certain limits, raise or lower its value. The material of paper currency being of scarcely any cost, and fabricated at pleasure, there is no difficulty in extending such currency, as in the case of coin, by the necessity of giving value for it; nor any loss on withdrawing it from circulation through an intrinsic value contained in it. As the banks discount in their own notes, they are always anxious to discount to as large an amount as possible, in order to obtain interest on a large sum; while there is always abundance of persons of credit who are desirous of borrowing. The banks, therefore, send as many as possible of their notes into circulation, and frequently exceed what the circulation requires; thereby raising

the prices of all goods and labour, and lowering the value of the money, whether notes or coin. The notes and coin, so long as they are convertible into each other at pleasure, cannot but be of equal value. But although a depreciation in the value of the coin at home is thus occasioned by an excessive issue of paper, its value remains the same in all foreign countries, and thus a profit is procurable by its exportation. A call on the banks ensues, to exchange their notes for coin to send abroad, and when the quantity of coin in circulation has become so diminished as to make it difficult to be procured, the banks are obliged to purchase bullion in order to coin into money to answer this demand. But when bullion is to be purchased with a depreciated currency, a premium is demanded for it. To avoid the demand for coin which subjects them to a loss on supplying it, the banks do not reissue the notes that are sent in, and this diminution in the amount of money in circulation checks purchases, and reduces the prices of goods, or, in other words, raises the value of money, and takes away the profit of exporting coin. When, however, an excess of paper has depreciated the value of the currency, and occasioned a large portion of the coin to be sent abroad, it is some time before a restoration in the value of the currency can be effected. During this time, the banks are losing by the demand for coin, which occasions them to contract their issues to a greater extent than the ordinary amount; because a greater diminution is required quickly to turn the scale, than would have been previously sufficient to keep it on an even balance. The amount of this depreciation, however, and the subsequent enhancement above the natural level, cannot be very great, while the effectual check exists of the demand for payment of the notes in coin. But within the limits which this check permits, a paper currency issued by banks which possess an interest in its extension, is peculiarly liable to fluctuation in amount and value.

Having thus stated the causes which produce an alteration in the value of the circulating medium, and its result, an alteration of prices, we proceed to observe on the consequences which follow from these alterations.

An alteration in the value of money may not *ultimately* alter

the relative values amongst themselves of other things. These may all bear the same proportion, and exchange one against another, after an alteration has taken place, in the same manner as before; though when exchanged against money there will be a difference. Thus, if a hat would purchase two pairs of shoes before the alteration, it may be expected to do the same afterwards; but when valued in money, the hat may in one case be worth a guinea, and, in the other, thirty shillings. It is nothing else but a change of *price;* that is, of the quantity of *money* to be given for it.

A difference of price is, in itself, a matter of small importance. It affects none but those who happen to be possessed of money, or who have engaged to pay or receive specific sums of money. The man who has goods to sell gets more or less *money* for them; but this money will probably purchase just the same quantity of other goods as he was formerly enabled to purchase with the price he used to obtain for similar goods. The man who has goods to buy gives, perhaps, more money for them, but he gets in the same proportion more for the articles he has to dispose of himself, and therefore is not worse off than before.

But though prices, whether high or low, are in themselves of small importance when thoroughly established, and when extended equally to every department of industry, yet a general alteration of prices is a matter of serious consequence. Partial alterations in the prices of goods take place through changes in the circumstances under which they are produced or demanded,—increased or decreased cost of production, or extent of demand. Such changes extend only to particular kinds of goods; but a change in the value of money affects prices generally. The mischief is, that prices do not all change together, nor change equally except during a long interval of time, notwithstanding that production may be carried on under the same circumstances. Money must remain for some time on hand before it can be expended, and obligations are contracted to pay or accept stipulated sums of money at distant periods; either all at once, as debts; or in periodical succession, as rent or an-

nuities, some of which are for a perpetuity. Now these obligations are contracted at their nominal amount, not at their value; and they remain in full force notwithstanding that, in the interval, the money in which they must be paid has changed in value. Thus, while the terms of the contract are apparently complied with, its spirit is violated, and a profit to one party, with a loss to the other, is occasioned, which was not expected by either. Again, production, in the different branches of industry, occupies a certain space of time; more in some than in others, but in all some time must elapse between the commencement of the labour and the termination of all the processes by which it is completed. The farmer must sow his seed in autumn or in spring, and must wait at least till harvest before he can bring the produce to market. The money which he expended in seed and tillage in the autumn, may be different in value to the money that he will get for the produce of the succeeding harvest. In such case, a profit or a loss which was not contemplated is the result.

The effects which are produced on industry and the different classes of society by fluctuations in the value of the currency are well deserving of notice. We shall speak first of those which a depreciation in the value of money occasions, and afterwards on those which an enhancement of that value occasions.

Speaking of any given portion of money, a fall in its value, and consequent change of price, may be occasioned by any one of the causes which have been before spoken of. But besides these, they may be occasioned, either by a fall in the value of the precious metals; a debasement of the coin, from a diminution of the quantity or fineness of the metal it contains, its having become clipped and worn; or from an increase in the quantity of the circulating medium. In our own country, there has been no diminution in the legal standard of the coin since the reign of Elizabeth. The recent lowering of the standard of the silver coinage cannot have any effect on the currency, because the principal coinage—gold, remains undiminished, and silver is made a legal payment only in small sums. The fall in the value of money with which we are most familiar, is that

which is occasioned by an increased quantity of money put into circulation. In whatever way the fall be occasioned, the effect on industry is the same.

Money being the intermediary instrument of exchange between one commodity and another, the first effect of a fall in its value is to disturb the relation of prices, or the proportions in which previously they were at length exchanged for one another. The people usually are not aware that any alteration has taken place in the value of money, and, consequently, many persons are content still to accept for their labour or goods the former nominal sums which they have been accustomed to receive, believing them to be still of equal value; while other persons, engaged in businesses in which prices are always fluctuating and determined by the haggling of the market, readily acquire prices suited to the depreciated value of the currency. Thus such articles as corn, meat, and provisions in general, the prices of which fluctuate in every market, quickly rise in price with such depreciation; while other things, whose prices are more steady, do not so readily accommodate themselves.

Amongst the most important of these last may be noticed labour; and hence an important feature in the consequences resulting from a depreciation in the value of the currency is, the reduction which it effects for a time in the real rewards of labour. In almost all occupations, the wages paid for labour are regulated by custom, without regard to the prices of the articles of the labourer's subsistence, and experience shows that notwithstanding the fluctuations in the value of money, and the rise in the prices of all the necessaries of life, wages are slow in adjusting themselves to an alteration of prices, and vary but little for considerable periods. Thus, a rise of prices, until it is followed by a proportionate rise of wages, materially trenches on the comforts and condition of the labourer. Though, however, there is not that flexibility in wages which is observable in the prices of most commodities, to adjust themselves readily to a change in the value of money, yet in most occupations they do so ultimately, in proportion with other things.

The increase of money and fall in its value, which raise the prices of goods, without immediately effecting a proportionate

advance of wages, raise the rate of profits. During an extension of the circulating medium, and until it has ceased to extend, and all charges have become adjusted to the new condition of things, goods are taken off in larger quantities, prices are constantly advancing, and the master obtains an increase of business, with extraordinary profits, by selling his goods in a market where is a larger demand, and one in which prices are higher than they were when he began the work of producing or manufacturing. The farmer and manufacturer, finding this extended and quickened sale of their goods at prices which yield high profits, apply with alacrity to the production of a fresh supply. Such high profits present a powerful inducement to the masters to employ all the stock which their wealth or credit place at their command, in employing additional workmen and extending their business, which these high profits give them in part the power of doing, by the rapid accumulation of their capital. This quick return, too, enables them to purchase more readily other kinds of goods of which they stand in need. The general success of business, and the readiness with which a market is found for goods, render the backward more prompt in their payments, and help some to make good their engagements who could not otherwise have paid at all; thus effecting a saving in bad debts, and causing at once an increased confidence and facility of obtaining credit, with a quicker return of the capital. In this way, more employment is offered to the workmen, trade and industry are stimulated to the highest state of activity, the diligence of every individual is quickened, and the demand for workmen raised. At first they do not dream of asking for higher wages, but are glad to obtain the additional employment. Ultimately, however, they are enabled to claim an advance of wages equivalent to the diminished value of the money in which those wages are paid, and the higher prices of the articles on which they are expended. But the first result of an increased activity of business is increased employment, and there is always an interval between the increase of money and the adjustment of wages to its deteriorated value.

This activity of business and full occupation of the workmen is a most important feature in the extension of the circulating

medium, and which for a time, and until a revulsion brings with it lamentable results of an opposite character, tends in the highest degree to the advantage of industry in general, though to the injury of particular classes. The advance of prices, involving an advance of profits to the masters, and of money wages to the workmen, is not in itself a public but a private benefit, affecting only particular classes; because these prices must be paid by the consumers, and the loss on their side is equal to the gain on the other; leaving the condition of the people at large the same as before. But the full occupation of industry, and its consequence, an ample production of all sorts of commodities, is a benefit of the highest magnitude.

By a fall in the value of money, the natural relation of debtor and creditor, as respects all pecuniary engagements made previous to the fall, is altered. The creditor receives in payment money, nominally the same in amount, but of less difficult attainment, and which, when expended again, will procure him only a smaller quantity of other things. Such money, consequently, is of less value than what he bargained for. Though the letter of the obligation is complied with, its real terms are altered, and he is paid but a part of his just claim; whilst the debtor gains thereby as much as the creditor loses. It is a release to all debtors from the obligation of paying their debts in full, and allowing a partial bankruptcy, or payment of so many shillings less in the pound as is the amount of the fall.

This was strikingly displayed after the suspension of cash payments by the Bank of England, during the last war; the value of bank paper having become greatly depreciated. The suspension might have been wise at the time, but it ought never to have been more than temporary. The event has proved that it would have been better to make great sacrifices in the purchase of bullion, which could not have lasted long, and would have ceased with an adequate contraction in the issues of paper. But the want of judgment in the management displayed at that time was as nothing in comparison of the blame which subsequently attached, when, after having procured the sanction of government to stopping payment of the notes in coin, the directors, instead of contracting the issues at the earliest mo-

ment, and returning to the ordinary and wholesome state of payment, extended those issues beyond all reason, depreciating the value of the paper to an immense extent, and claiming a continuance of that sanction when the return to cash payments had become impossible through their own misconduct. They thus caused enormous violations of common honesty in monetary transactions, profusely strewing riches on one hand, and as wantonly dealing out destruction on the other.

Hence the indispensable necessity for a certain permanence of value in money. Men calculate upon the ordinary circumstances and contingencies which affect the demand and supply, but no prudence or foresight can provide against the unseen operations which cause fluctuations in the value of the circulating medium. Such secret operations overset and ruin the best-laid plans and the most prudent undertakings.

In this change in the value of money, there is no alteration in the whole wealth of the country;—what one person loses another gains. But generally the advantage accrues to those who employ capital in business, while the disadvantage falls to the inactive proprietors, who let out their property to be employed by others, reserving a rent or interest, and a repayment in money. The farmer, during the existence of his lease, receives an important benefit; his rent remaining stationary, while the price of his produce rises. It is the same with all other rents, rent-charges, mortgages, or annuities; in short, with all previous engagements expressed in money. The borrower of money, not only pays the interest in a depreciated currency, but when called upon to return the principal, replaces it with but a part of its original value; gaining thereby a profit on its whole amount. Where a trader has as much money due to him as he owes, the change is of no moment; since the advantage gained on one side is counterbalanced by the loss sustained on the other. But most commonly traders, having large stocks of goods on hand and a great deal of fixed capital, owe money debts to a greater amount than the money debts due to them. The commerce and industry of the country are carried on with a larger capital than belongs to the parties conducting them—a considerable part being borrowed. A large portion of the amount of

the paper currency has been lent to them by the banks, besides much capital belonging to monied men; and on the whole of these a profit is made by the borrowers.

With these advantages in favour of the active capitalists, an extension of the circulating medium, with its depreciation in value, increases their profits and capital, at the expense at once of the landlord and labourers. Capital, in general, too, under such circumstances, is accumulated with greater rapidity. It may be thought, that an addition to the farmer or trader's profit, through a diminution in the value of the rent or interest of the landlord or capitalist, and of the men's wages, would neither increase nor diminish capital; the deduction on one side being equal to the addition on the other. But the result is otherwise. Capital can alone be created by savings from present consumption. Extra profits to the farmer are in great part accumulated; while deductions from the landlord's rent do not in general diminish his property, and deductions from wages seldom diminish the property of the men—they having scarcely any to be diminished. It would not only be unpleasant to the landlord, but perhaps difficult, to sell a small portion of his estate, or to create a mortgage on it for a small sum, to make up for the falling off in the value of his revenue; and thus he commonly curtails his expenses within his diminished means, and retains his estate entire. If some of the farmers spend their additional profits in consumption, this is the same as though the amount had gone to the landlord. If the landlord accumulate out of his rents, the benefit to the country is the same as though the accumulation had been made by the farmer; for the money will not lie idle, whoever the owner may be, and if he do not employ it himself, it will be employed by some other person. But an increase of income to the landlord is less likely to be accumulated, than an increase of income to the farmer. The landlord has not the same means as the farmer of employing productively a small increase of capital. The farmer feels more sensibly the beneficial effects in his business of an increase of capital, than the landlord can do in augmenting his property; inasmuch as the profits of the one are greater than the rent or interest of the other. Thus while one party is accumulating, and

the other not diminishing, capital, but retrenching expenditure, through a fall in the value of the currency the capital of the country increases, and industry is stimulated to the fullest exertion of its powers.

Again, an increase in the quantity of money reduces its interest, and lowers the rate of profits of capital, and, consequently, the cost of all commodities;—the hire which is paid for the use of money or capital entering into the cost of production and the price of all commodities. The abundance of money reducing its interest, and the deterioration in its value the real value of the principal and interest, occasion a smaller portion of the produce of industry to go to the money lender; but as this has no effect in diminishing the amount of that produce, it is only a partial evil, which is more than counterbalanced by the gain that accrues thereby to the people at large. The abundance of money increases the facility of procuring loans for business purposes, while its low rate of interest adds to the extent in which it may be profitably employed, and affords an inducement to borrow, in the expectation of realizing a profit thereby. From this facility and this reduction of interest, production is increased in every branch of industry, commodities of all kinds superabound, and though prices, measured in a deteriorated currency, may not at first be lower, their real value is less, and they become more easily procurable. While an increase of credit affords the means of increased production, and a lowering of interest diminishes its cost, a ready sale of goods at remunerating prices inspires confidence. Usually the masters in every trade fabricate that quantity of their respective commodities for which they expect a profitable sale. Increase the expectation of a favourable market, and the supply of all sorts of goods will be augmented.

A sudden increase of credit afforded to particular branches of trade may sometimes be the occasion of overstocking the market with their productions. When one class fabricates more than the usual quantity of its peculiar goods, and the other classes, not having fabricated more of their peculiar goods, have not acquired an enlarged power of purchasing, the supply of this first kind of goods will have been increased beyond the demand, and its

producers' expectations of profit be disappointed. Such speculations must prove not merely ruinous to such of these producers as trade on borrowed capital, but occasion losses to other substantial persons in the same trade who keep within the bounds of their own capital. When, however, the increase of credit and of confidence is general, there is an increased production in *all* the branches of industry, and each class, having more goods to dispose of, will enlarge the market for the others; the greater production in the different branches will exchange freely and advantageously against each other, and the supply of the community be in consequence augmented.

Thus we see that an increase of money, though it be but factitious, yields for the time every advantage which real money of intrinsic value could yield. One cannot defend as equitable, the advantage which a fall in its value gives to one party at the expense of another, though the immediate effects are beneficial to the community at large. It is decidedly injurious and unjust to the persons to whom money, rents, or annuities are due, that they should be paid in a currency of less value than they contemplated when the engagement was made. However, the advantage which is thus gained is usually but temporary, and perhaps, if often repeated, would not, like other unjust acts, be beneficial in the long run. If a revulsion take place, which commonly follows, it is attended with tenfold more injury to the parties who had previously gained, as well as to the public, than all the advantage that had been acquired before. The landlord, having once been a loser by granting leases to his tenants, will be backward in granting them again, or will make them only for a short term, and will be less easily satisfied with the payment of what is a fair rent than he otherwise would have been.

A reduction in the interest of money causes capital to emigrate to foreign countries. The owners of money and other property, no longer able to procure the rate of interest to which they have been accustomed, naturally look abroad for advantageous investments in other countries, where the rate of interest continues undiminished. But if this reduction should have been occasioned by an excess of paper currency, such excess would be but temporary. For the export of money would pro-

duce a call on the banks to exchange their notes for coin, and coin having previously been forced out of circulation and sent abroad through the excess of paper, they would be forced to purchase bullion at a loss, when paid for in a currency which had fallen in value, and, in order to save themselves from a recurrence of this loss, would contract their issues. Thus, the excess of money having been but factitious, when the return is made to the natural quantity, it is found that money and property have gone abroad for investment when there was no occasion for it. Had the abundance of money been real and permanent, no evil would have resulted from its emigration to a more advantageous investment; but, since it has been but temporary, when the money or property is wanted again, it can no longer be obtained, and the country is deprived of the advantage of the employment of that capital at home, which, now that it is invested abroad, cannot readily be brought back.

A depreciation in the value of the currency has the effect of lowering the salaries of all the officers of government, civil and military. But the services of these persons are highly important to the well-being of society. They effect, if not a direct, yet certainly an indirect, addition to its wealth; inasmuch as they relieve the immediately productive labourers from the necessity of employing a part of their time in the protection of property and the preservation of public peace and order; thus enabling them to follow their respective occupations undisturbed, and to effect a perfect distribution of employments. The duties performed by the public officers have in view to facilitate the attainment of the objects which mankind pursue, by removing those impediments which man's ignorance and vices present. Their services are of the same nature, as respects production, as the services of those who form and keep in repair roads, bridges, or canals, to facilitate the intercourse of society. The difference is, that in one case the obstacles to be removed are physical, and in the other moral. The salaries paid to the public servants are therefore partly expended productively, as capital; entering into the cost of all commodities;—the distribution of labour allotting to the public servants the preservation of tranquillity and the protection of life and property, instead of every man

having a part of these duties to perform himself. By this distribution, the productive powers of the labour of the whole community are essentially increased; and commodities are rendered more abundant and cheaper. But if these services should be as efficiently performed, when they are paid for in a depreciated currency, as when paid in one of undiminished value, the difference is a clear gain to the rest of the community. However, as such services contribute their full quota to the public welfare, it is reasonable that they should be paid at their just value; and, unless a reduction were called for on the ground of their being overpaid, to effect an uncalled-for reduction, and pay less for them than their value, would be unjust to the individuals performing them. These individuals form part of the community, the happiness of which is made up of all the individuals composing it, including theirs with the rest; their happiness is as valuable and as much to be regarded as that of any other equally numerous class, and the deterioration in their circumstances and the privation which would be occasioned by an unwarrantable reduction of their emoluments, would operate injuriously on the public happiness, though to the pecuniary gain of the other classes.

But in a country oppressed with debt and taxes, the most important particular in which lowering the value of money is of advantage to the people at large is, the diminution thereby effected in the real pressure of the public burthens. Excessive taxation is productive of a great deal of mischief and suffering; more especially when imposed in the injudicious manner in which it is commonly imposed. It fetters the industry of the people, contracts their resources, and dries up the springs of production. Accordingly, the effects of a partial throwing off of the public burthens are highly beneficial to the country at large; perhaps more so even than injurious to the public creditors; inasmuch as the mode of levying the money, in the ordinary modes of taxation, superadds an additional evil to that of its payment; which last, in some instances, is scarcely the least part of the evil.

Such a reduction in the public debt, however, would be in effect a national bankruptcy, and payment of a part instead of

the whole of the demand on the public. It has been said, that if a partial national bankruptcy were necessary, there is no expedient whereby it can be effected with so little violation of equity, or so little confusion, embarrassment, or misery, as by lowering the value of the currency. But it is impossible to accede to such a proposition. Perhaps it would be effected with more ease in this way than in any other; but it would be infinitely more objectionable than one which should be open and avowed. If, however, a public debt be just, and the parties amongst the people by whom it ought to be paid apparent, how can a public bankruptcy be just, while these parties remain solvent? A public debt is a debt due from the private individuals who compose the public to the private individuals who are the public creditors. It has or ought to have been incurred for objects as highly beneficial to these individuals as any private debts which they may have themselves contracted. How then can a debt between man and man be disallowed, and one of the parties permitted to affirm that he is unable to pay it, whilst he is perhaps rolling in riches? But setting aside the question of justice, and admitting for the moment an expediency or urgent necessity, there can be no hesitation in affirming, that if ever a partial national bankruptcy should be required, that mode of effecting it would be the least objectionable which should be the most open and avowed. It would be unnecessary to superadd to the dishonesty of such a transaction, the additional disgrace of duplicity, by an insidious or concealed method of effecting it, which should blind the eyes of mankind to its real character; and more especially when it is to be carried into effect by the government, where, if in any quarter a departure from an open and ingenuous line of conduct is more culpable than in another, it is here. A measure whose effects would be perceived by only a few, would give them an undue advantage over others. When people see the circumstances in which they are placed, they can devise measures to procure an end or mitigate an evil; but what they cannot see they cannot provide against. It were strange to blindfold the eyes of men in the conduct of their affairs, and expect a public advantage as the result. An avowed bankruptcy would affect only the particular persons who are the creditors,

pensioners, or servants of the state, and would extend its mischief no further than to these persons and their immediate dependants and connexions. But a depreciation in the currency, while it would effect the same object, and extend its mischief to the same parties, would, in addition to this, equally affect all private creditors, and extend its mischievous consequences through the whole community; enabling every debtor to take a like advantage; allowing an indiscriminate bankruptcy amongst individuals, whether able or unable to pay their debts in full; sanctioning injustice between man and man by law, and creating disorder in a thousand ways. In effecting such an object, it can never be necessary to defraud private creditors. Though a depreciation in the currency would lighten the pressure of the debts and pensions, it would not eventually lessen the other expenses of the state, which must quickly increase in nominal amount when paid in such debased currency.

Having thus noticed the effects produced on the different classes of society by an extension and depreciation in the value of the circulating medium, let us observe the consequences which follow from a contraction of its amount and increase of its value.

These are of an opposite character to those which have been spoken of, and fall on the opposite parties. But the injury in this case to the persons who suffer, and, through their suffering, to society at large, is much greater than the benefit which accrued in the former.

By a rise in the value of money, all debts and other pecuniary obligations must be discharged in money which, from being of higher value, costs more labour and greater sacrifices to procure than the money which was received or engaged to be paid. As a fall in the value of money benefited, in the way we have seen, the industrious classes at the expense of the inactive proprietors, so, on the contrary, an advance in that value benefits these last at the expense of the industrious classes.

The injury to these classes, though it were of no greater amount than the benefit to the others, must yet be accounted of greater importance. They are more numerous than the rich, and an equal pecuniary loss would be more severely felt.

As regards the happiness of the community, then, a pressure on their comforts, which must be more severely felt, is a greater detraction from that happiness than any equal pressure could be on those who, besides being fewer in number, are more able to bear it.

A rise in the value of money tends to destroy capital; especially that which belongs to the active capitalists. We have seen that a great deal of borrowed capital is in the hands of persons in business; consequently there is a loss to them on the whole of this capital when repaid, and on the interest while it is retained, from their having to return or discharge it in money of a higher value than that which was received and engaged to be paid. The farmer and trader, when they bring their articles to market, find they fetch less money than before, though the cost of bringing them there is the same, and, consequently, they are deprived of the accustomed profit on which they are to live, or perhaps are subjected to a loss. It is true, the money they receive is of higher value than that which they expended in production, and if all prices and charges were at once adjusted to this higher value, their smaller nominal amount of money received would enable them to purchase a fresh supply of materials, to hire workmen, and continue production as before. But the wages and charges to which they are exposed in business, cannot be all reduced immediately to the level of the new prices. The farmer's rent, during the continuance of his lease, will not be lowered; the same may be said of the taxes, interest of money; in short, of almost all the charges to which he is subject. All these, though paid in money of superior value, will remain for some time the same; and nothing but a suspension of business and an interval of distress will induce any of the parties to lower their demands. Accordingly, such suspension and distress ensue, not less as a matter of necessity, because business cannot be continued without loss, than as the only means through which it can be again renewed with advantage to *all* parties. The fall of prices, and the failure of demand, disconcert the best planned undertakings and the most prudent speculations. Those men who were scarcely able to make good their engagements before, are now,

that profits are taken away and business suspended, deprived of the means of doing so. Their failures entail losses on others, and property becomes locked up, or wasted in bankruptcies and law expenses. A want of confidence ensues. The diminution in the amount of paper money in circulation, which perhaps occasioned an enhancement of the value of the currency, compels, while the apprehension of losses induces, the banks to lessen or withdraw their discounts; monied capitalists follow their example, and the merchant is deprived of the accustomed accommodation on which he calculated. When this takes place suddenly, as is sometimes the case, the most disastrous consequences ensue; especially to persons who have been led by the previous accommodation to extend their concerns beyond what their own capitals are sufficient to carry on. In such cases stoppages become numerous, credit is shaken, even wealthy men are not safe. In the storm which a general panic occasions, it is not the most wealthy but the most prudent who suffer the least. As in a storm at sea, it is not the largest or the strongest vessel which best rides out the tempest, but the one whose sails are most quickly reefed, and which is best prepared to let it blow over. In the mean time, the labours of industry are suspended. One individual, under the apprehension that he will not be able to sell his usual quantity of goods, or that he will not be able to gain a profit upon them, or perhaps that he may lose through trusting others, employs fewer workmen than before. But the diminished quantity of his goods will not enable him to obtain better prices, because money has become more valuable; and because similar apprehensions cause less business to be done in other trades, from which there will be fewer articles to offer in exchange for them; and hence the demand will be contracted in the same proportion as the supply. Thus, whilst the active capitalists are wholly paralyzed in their exertions, or, with business at a stand, are compelled to employ a part of their capital, which ought to be destined for reproduction, in consumption for the support of their families, the inactive proprietors in general spend the whole of the really increased rents and interest they get at their expense; and the want of production and losses on one side, with little or no countervailing

accumulation on the other, causes the capital, and future resources of the country, to waste away. Even these proprietors themselves, though they gain in one way by the increased value of their rents and interest, are yet compelled to submit to a set-off of losses, and to share in some measure in the general distress. It is the industrious classes from whom every sort of supply is originally acquired. If their industry is suspended or impeded, the supply of the whole is lessened; the rents or interest of the rich cannot be so well paid, and all must suffer.

It may be thought that a rise in the value of money, as it lowers the prices of commodities, would raise the real wages of labour, by affording to the labourer a greater command over the necessaries and conveniences of life. But though it has this effect in the case of some workmen, its general effect is the reverse. We have seen that a fall in the prices of goods must necessarily be followed by a reduction in the cost of producing them, and that this reduction cannot be effected except by a suspension of business and general distress through which parties are compelled to lower their charges. Now the greater part of the cost of production in most articles consists in the wages of labour. Wages, therefore, in such case must come down. But the common people, having no notion that money ever fluctuates in value, when prices decline, though it be merely from an enhancement in the value of money, the lower prices of which are of equal value and will purchase as much of other goods as the higher prices procured before, are unwilling to lessen their wages and charges, and become indignant at the offer of lower terms. Thus the period of suspension of industry and suffering is protracted. The best workmen may continue to get full employment at their accustomed wages; but, with the greater number, if at first they obtain those wages, there is but little work to be procured, and through want of full occupation their earnings on the whole are lessened; while the worst hands find no work at all, and are reduced to distress. Ultimately, however, wages come down to that level at which the master can proceed with business, and find a vent for all the goods which the workmen can produce at such prices as yield a profit to himself. In the interim, we ought not to complain of this

distress. It is the salutary, though painful, process through which alone industry can again arrive at its healthy state of renewed activity; it is the medicine which cures the disease of over-selfishness by which commercial prosperity is prevented.

An advance in the value of money occasions an addition to the pressure of the debt and taxation of a country. The dividends and annuities of the public funds, the pensions and salaries of all the public officers, are paid in money, nominally the same in amount, but of greater value; and, consequently, with a larger portion of the produce of the industry of the community; while this increased burthen, by absorbing that part of the produce out of which accumulations of capital would be chiefly made, lessens the ability of the people to support it, not only for the time present, but in future.

Mr. Scrope asserts, that "The great pressure which is now felt from the excessive burthen imposed by taxation on the springs of our productive industry, is owing to the gradual rise during the last fifteen years in the value of our standard metal, gold. The currency has been on the whole appreciated nearly one hundred *per cent.* since the greater portion of our debt was incurred. Consequently, the burthen of taxation is nearly double what it was at that time."*

Thus we have seen that a change in the value of the currency inflicts equal injustice in the distribution of property, whether it be a rise or fall, altering the previous relation of debtor and creditor, varying the terms, and violating the spirit of all previous monetary engagements. The effects of a fall, however, are for the time beneficial to the great majority of the community, though injurious to a few,—promoting industry, diffusing confidence, and increasing capital and production. But this factitious prosperity has no solid base to rest upon. The violations of private engagements which it occasions are followed, at no great distance of time, by similar violations on the opposite parties, from a restoration of the currency, not merely to its original value, but to a value even beyond it; and no previous advantage accruing from the fall, can be put in competition with the incalculable mischief and loss to the com-

* Polit. Econ. p. 409.

munity, proceeding from the general suspension of business and destruction of capital which such restoration of value occasions.

From all that has been said on this branch of our subject, we are enabled to appreciate, in some measure, the importance of the influence which the employment of a circulating medium has on industry and society at large; as well as the magnitude of the consequences, and derangement in the distribution of property, which follow from an alteration in its value. To prevent this, and maintain that medium at a steady and uniform amount and value, differing only from time to time as natural circumstances and the actual wants of circulation require, must ever be an object of the first national concern. Accordingly, there is nothing affecting industry in which it is more essential that the maxim of non-interference should be observed than in this

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CHAPTER XVII.

ON THE DIVISION OF PROPERTY.

PROPERTY is only desirable as it affords the means of enjoyment; and the degree of enjoyment which the whole property of any community may be expected to afford to its members must very much depend upon its distribution amongst them, or the sort of equality or inequality and gradation of fortune generally obtaining throughout the society.

If the property of a community be possessed in large masses by a few individuals, while the great body of the people are poor, the enjoyment which this property confers must be much inferior to what it would confer if it were more equally distributed. However large a private fortune may be, it affords gratification to only one person or family; that is, to the proprietor and his family; and perhaps this family, with all its riches, is not more happy than it would have been had its possessions never been more than a small part of what they are. While its

excessive wealth, contrasted with the destitution of its neighbours, may aggravate the condition of the latter, by adding to their privations a feeling of envy and discontent. But had this large property been divided in smaller portions amongst a greater number of families, it might have removed the real and uncompensated miseries of want in every one of them, and have added to each a share of happiness equal to that which it now affords to the single family possessing it.

Again, where the riches of a state are engrossed by a few, these must contribute in very large amounts to the public service, while the poorer members must from poverty be unable to assist, and must be nearly exempted altogether from taxation. But when wealth is distributed amongst multitudes, the taxes are more productive from being paid by so many persons, and the burthen is lightened to each by being so much dispersed, scarcely making any sensible difference in any one's mode of living.

The distribution of property, however, so far as either the enjoyment it may confer, or the strength it may add to the state, is considered, belongs rather to questions of jurisprudence than of national economy,—to be operated upon through laws of inheritance, regulations affecting the disposition of property by will, and the succession to intestate property. National economy is concerned in this distribution only as far as the operations of industry are affected thereby. The kind of distribution of wealth subsisting in a community, has an influence on the facility or difficulty with which the obstacles its industry has to encounter are overcome, and, consequently, on the produce of that industry. The property of a community can neither confer the greatest happiness, nor its capital contribute in the greatest measure to the augmentation of the produce of its industry, unless it be in the hands of such persons, and such only, as have the ability, and whose peculiar opportunities afford the means, of employing it to advantage. Hence, in placing social industry in that position in which it may act with the greatest efficiency; in which its resources may be most developed and most husbanded, and the quantity and quality of its products thus raised to the highest pitch, the distribution of property forms part of

the discussions of political economy. It is in this point of view, then, that it will now be considered.

An inequality of fortune is found to obtain in every country at all advanced above the most barbarous and savage state. In countries in such last mentioned state, universal poverty precludes inequality, and necessarily establishes entire equality. An inequality of fortune proceeds partly from natural causes, and partly from measures of state. In small communities there is in general but little inequality: circumstances are unfavourable to the acquisition of wealth; and where but little exists, large fortunes cannot easily be amassed. The greatest inequality is found in the richest and most powerful states, where the population is most dense. In the flourishing times of the Roman commonwealth and empire, the fortunes of the rich were enormous. Commercial states in all ages have likewise presented great inequality. The large landed estates in the hands of the nobles in many European countries, were probably acquired originally by conquest or usurpation at some remote period; while the policy of the institutions of those countries has not only prevented the dismemberment of them, but has contributed to add fresh acquisitions. When the conquerors originally possessed themselves of the soil, it must have been of small value, but it has gradually and insensibly acquired its present value, through the gradual increase of population and extension of cultivation. Oriental countries, too, present examples of great inequality.

An inequality of fortune, however, though sometimes the result of usurpation, errors of polity, or abuses of administration, is, to a certain extent, the natural consequence of the unequal measures of original strength of body and mind which nature has bestowed on individuals; of the differences in the extent in which their natural powers have been cultivated; and of their acquisitions of knowledge, skill, prudence, foresight, economy, and virtue; of the infinite variety of circumstances in which different individuals and their ancestors have been placed; with the thousand hazards and chances to which humanity is exposed. A man's success in life depends very much on his sphere of action allowing scope for his peculiar talents, or for exertions to

which the peculiar bent of his inclination may be directed. But whether a man shall be placed in this or that sphere, in one favourable or unfavourable to his peculiar talents, is most commonly a matter over which he has little control. Within the natural and wholesome limits now spoken of, inequality must subsist under the wisest and best civil institutions. If an equality were decreed to-day, the people's possessions would become unequal again to-morrow, and the equality must be established afresh. However alike their position at starting, the industrious, frugal, prudent, energetic, and sharp-witted must speedily leave behind the idle, improvident, slow, and stupid. The former will live and thrive under the same circumstances in which the latter would starve.

A state of complete equality of fortune would be unsuited to the nature and constitution of man, and would detract from those energies the exertion of which, under due regulation, promotes the improvement of our intellectual and active powers, extends the sphere of our higher enjoyments, and advances all the interests of humanity. An inequality of fortune, to a certain extent, is the order of nature, by whose wise disposition a due remuneration is thereby awarded to diligence and merit, as stimulants to exertion and virtue; while, on the other hand, to indolence, ignorance, and profligacy, are assigned poverty, contempt, and suffering, as the penalties by which men are to be deterred from yielding to their insnaring but baneful allurements. Should civil governors establish an equality of fortune, disregarding at once this just distribution of rewards and punishments which a wise providence has established, and setting at defiance the common rules of justice, they would take from industry that stimulus which is necessary to call forth exertion, and which is presented in the expectation of reaping the suitable rewards of labour, and of retaining secure possession of them when acquired; at the same time that idleness and improvidence would go unpunished. In such a state of things, the exertions of industry would not merely be feeble; they would almost entirely die away.

Even the higher gifts of fortune cannot be dispensed with. The struggle for the distinctions of life must be retained. In-

dependence, affluence, honour, and power, constitute the prizes which the lottery of life holds out for exertion to enterprising men. Without these lofty pinnacles of the social system, and when inferior heights had been acquired, nothing further would remain for ambition to aspire after, and the exertions of industry would languish. Those prizes which are high in value are but few in number, and their whole amount is small in comparison with the more numerous prizes of a lower value. Yet, though few in number, they are sufficient to excite exertion to obtain them; because there are few persons who are competent to aspire after them. Riches, and the advantages of position which they confer on their owners, may in some instances be abused, or their improvement neglected, yet this occasional abuse or neglect affords no decisive argument against them; for the advantages on the whole which society derives from the inequality of fortune immeasurably exceed the disadvantages which accompany it.

Of the whole social body, the different classes form the different members, each of which has a function to perform distinct from the rest, and the performance of which is essential to the well-being of the whole. In the industry through which the supply of this social body is acquired, there is an almost infinite variety of kinds of labour; some rude and unskilled, requiring rather patient attention or strength of body than intelligence or skill of hand; others of a more delicate kind, requiring greater art or knowledge. Now the funds applicable to instruction are limited; and it is not required that every man should be deeply versed in every branch of knowledge. It is neither useful nor desirable to bestow the most expensive education on every workman. For the mere performance of those laborious occupations in which no particular skill or intelligence is required, the instruction necessary to qualify for the performance of the delicate kinds of work, or the expensive education of a highly cultivated mind, would be thrown away; and would be a misapplication of time and funds which might be more advantageously employed in a different way. It is enough, if each have just and clear ideas of those things in which he is more immediately concerned, and be intimately acquainted with everything in

that sphere in which he has to act his part. But there are employments in which this expensive education is indispensable. The funds applicable to instruction would be inadequate to afford such expensive education to all; and if too great expense be incurred for the lower classes, there will not be the means left to give the best education to the higher; while, on the other hand, if too much be expended on the higher, the lower departments of industry will be comparatively unproductive, from the incompetency of the workmen, or the insufficient number of them in some of the more skilled branches to furnish an ample supply of articles. In husbanding the resources of a community, so as to produce with its industry the greatest effect, no greater expense would be incurred in fitting men for the different departments of labour, than is necessary completely to qualify each for the particular department he is intended to fill: a greater expense would be incurred for the few intended for the learned professions, or to occupy the higher and more delicate branches of art, and a more economical outlay for the many, intended for the lower and ruder branches. A given expenditure will produce, in this way, a larger return than if an equal instruction be given to all; that is, a somewhat superior education to the great body of the people, and a very inferior and insufficient one to the few intended for the higher branches. It is better that the division of employment be so completely established, that some men apply to no other labour than what is of a rude kind, while other men apply to none but such as is of a delicate kind: both the harder and the lighter kinds of work will each be performed better and more easily in this way.

Now the inequality of fortune naturally and of itself establishes this difference in the expenditure incurred in qualifying men for the various departments of life; and is thus an important means of husbanding the resources of the community, and of conducing with its available means to raise the produce of industry to its highest amount, by furnishing men for each department competent to perform with efficiency the duties required from it. In this construction of social life, we observe only another example of what is found universally to obtain in the works of nature. In these, economy is a striking and cha-

racteristic feature; for we find that her ends are attained in the shortest way, and with the smallest expenditure of materials consistent with due effect.

The interests of mankind are deeply involved in, and call for, the advancement of science. New discoveries and the progress of improvement are essential to the well-being of society. With a continually advancing population, and a continually increasing difficulty in providing for its subsistence from the cultivation of poorer soils, it is not enough that the discoveries already made, and the knowledge already possessed by scientific men, should be acquired by others, diffused and practised in the arts; some men must be occupied in the search for, and acquisition of, further improvements, knowledge must be extended, and the powers of industry be continually sharpened into a higher degree of efficiency. With these powers at a stand, and an advancing population, the condition of the people must be, not merely stationary, but retrograding. The labours and pursuits of science, and the search for new and undiscovered truths, call for the highest and most expensive cultivation of the intellectual powers; combined with a degree of leisure, which a perfect equality of circumstances amongst men, with their present measure of opulence, would be insufficient to afford. Knowledge is collected from books, from general conversation and travelling, or investigated by expensive experiments; all of which are beyond the reach of the poor; and to which leisure and a certain measure of competence is necessary. Thus it is requisite that some persons be exempted from manual labour, and possessed of a measure of competence, in order that they may apply to those studies, and successfully follow those pursuits, which lead to improvements of extensive use to society. It is in general to that class of men whose education has afforded them the requisite ability and information, whose necessities compel them to their exercise, and who yet have sufficient property or influence when improvements are made to carry them into execution, that we must chiefly look for those discoveries which at once ennoble human nature, extend the sphere of its power, and the means of its enjoyment.

It is from the opulent class that we obtain persons who are competent to the duties of legislators and statesmen, and to supply

those honorary, but unpaid, magisterial and other offices which the public service requires. From the same class, too, we look for that elevation of mind and character, and that external and intellectual refinement and polish, which raise the standard of morals, and which, while they shed a grace and lustre on their possessors, descend from them to the other classes, elevating the tastes, aspirations, and habits of men from the gratification of the mere low and sordid animal passions to those of a higher and nobler character.

Yet excessive inequality of condition acts unfavourably to industry: the two extremes of society become unproductive through such excess. But though the two extremes of excessive wealth and excessive penury are both unfavourable to exertion, yet excessive penury is of the more extensive mischief; since it operates on a larger class. That distribution of property which acts most favourably in calling into action the full powers of industry, and in heightening its efficiency, lies between the two extremes of universal equality, which some men desire to establish, and that enormous disproportion which obtains in most civilized countries.

Whatever be the amount of property in any country, it will evidently operate most favourably on its industry, and contribute most to public opulence, when its distribution is such, that it causes every man to be fully occupied in useful labour, and to be so favourably placed that he can exert his industry with the best effect. But a want of occupation, and a poorness in the produce of labour, follow both from excessive wealth and excessive poverty. In the case of the very rich, it is evident that their riches tend to idleness. When property is concentrated in large masses, and especially when these masses have become hereditary in families, such families make little or no laborious efforts beyond the pursuit of those gratifications which terminate in themselves. Their riches render them independent of any exertions of their own, and the pride of hereditary wealth and rank causes them wholly to abstain from manual labour, as unsuitable and derogatory to their condition; while useful inquiries and pursuits of science, which their wealth, education, and general intelligence give the means of engaging in with the fairest prospects of

success, scarcely ever occupy their attention. Thus they live idly, and the produce of national industry is less than it would be if these families were occupied in some business or profession; which would be the case, if they were less wealthy, and thus obliged to do something for a livelihood. On the other hand, the public suffer to a greater extent from an excessive poverty in the labouring classes: the class is larger, and the consequences of greater magnitude. When large bodies of them are so poor as to be unable to procure the requisite instruction in the arts to render the produce of their labour of value, and insure a demand, and to furnish to the different branches where skill is necessary a sufficient number of workmen to yield an ample supply from those branches, the public interest suffers. Usually, the poorest classes have not full employment, because they are unable to perform the kinds of work that are wanted to be done; while the skilled workmen are deficient in number, and the community procures but a scanty supply of the articles that are in request. Now, that same great fortune which raises one man above labour, and renders him a pampered and useless member of society, while many around him are unable, through poverty, to prosecute their labours with success, would, if it had been divided into several parts, have caused this man to be industrious through necessity, and enabled several others to give that efficiency to their industry which instruction and capital alone can give.

Most conducive to industry is that distribution of property which is equally removed from the two extremes of excessive wealth and excessive penury, and from that other extreme, if it may be so called, of an absolute and universal equality. From such distribution, too, the produce of industry, if it were not of greater amount, (which however it would be,) would contribute more to the satisfaction of our wants and wishes, from being better adapted to them. If the inequality of circumstances amongst workmen be such, that each department of industry is furnished with a suitable number of men, and each, in his respective department, is enabled to exert his labour with the best effect, both as regards the quantity and the quality of the produce of labour, so that each department furnishes a supply of

articles proportioned to the request for them, in such case, it seems impossible to make a change in the circumstances of the workmen that should have superior effects on industry. As regards the masters, there are some businesses which are more advantageously conducted in the large than in the small way; while there are also others, such as retail trades in remote and thinly peopled districts, which can only be carried on in the small way. Thus different amounts of capital are required. If capital were equally distributed amongst the masters, the large concerns could not be conducted, at least not without an inconvenient number of partners, or extent of credit; all great improvements on the land, all great enterprises in commerce and manufactures, would be at an end, and the public would suffer in the greater scantiness of the supply and dearness of the articles, for the disadvantageous way in which the business was carried on. But if the distribution of capital amongst the masters be such as to furnish to each kind of business its suitable number of masters, all furnished with a sufficient amount of capital, there seems nothing in their inequality of wealth to call for a change. With respect to the enjoyment which a given amount of property may be expected to confer on its possessors, it is perhaps in its immediate effects greater in proportion as property is more diffused, and the number of possessors greater, and hence, a more equal distribution than this might be thought desirable; but in its remote effects it is otherwise. The question, however, at present is not as regards enjoyment, but simply as respects industry; to which a certain inequality is favourable.

Thus, in the distribution of property, the same as in everything else in which industry is concerned, views of national economy are opposed to legislative interference. If established laws or institutions have effected a distribution different from that which would have taken place in the natural course of things, these views would remove such, as far as practicable, and give freedom where freedom has been withheld. To enlighten individuals as to the course best adapted in the pursuit of private interests, to insure happy results, not to themselves alone, but to the community at large, and to leave things to take the

course which such enlightenment and the disposition of a wise providence bring about, seem the objects to be aimed at. On one hand, these views denounce as mischievous, legislative measures which would establish by force or fraud an equality of condition amongst men, and break up the gradation of ranks; while, on the other, they cannot approve systems of polity which increase the natural disparity of wealth by laws of primogeniture, entails in perpetuity, and the like; much less, those strongly marked and insurmountable barriers which, in some countries, separate the different ranks of society from each other. That condition of society which seems most to be desired is a general and diffused opulence, with the great body of the people neither very rich nor very poor, and an imperceptible gradation of ranks, blending by shades into one another, and each easily accessible to personal merit. To establish such a condition, natural causes must be allowed to operate freely, without either aggravating the disparity of circumstances which they establish amongst men, or restraining their operation.

A great difference is observable in the effects of a division of property, when that property consists of land, instead of stock. The extent of the land which is owned by the different proprietors has an influence on the mode in which its cultivation shall be carried on. When it is possessed in extensive domains by an opulent aristocracy, this gives the opportunity, when other circumstances are favourable, to carry on the business of farming on a large scale. But when the land is held, as in France and some other countries, in little patches by a great many small proprietors, this almost precludes the possibility of uniting such patches into tracts sufficiently large to be cultivated by wealthy and intelligent farmers; and necessarily condemns the soil to be cultivated in small farms by men of an inferior grade, possessing but scanty capital and information. Agriculture is the great occupation of the people in every civilized country, and the mode in which this branch of their industry is carried on has, from its magnitude, a greater influence on their condition than the mode in which any other branch is conducted. It must be admitted, when cultivation is conducted in the small way by a cottier peasantry, and still more when they own the

land, they often expend a great deal more labour in bringing it into a high state of cultivation, than would be expended under any other system of management. In the latter case especially, the property being their own, they grudge no labour or expense bestowed on its improvement; and thus the produce is often considerably more than it would be if the land were occupied in large farms. But though the produce of the soil is often very great from the minute and toilsome husbandry of such cultivators, it does not thence follow that the riches of a country on the whole should be augmented by this direction of industry. Though a whole territory might by such means be cultivated like a garden, yet its labour on the whole may be unproductive considering the quantity expended. The abundance of provisions thus procured may co-exist with a deficiency of everything else, and the people be poor. Nearly the whole produce of the soil may be consumed by those who raise it, and neither hands be found for other occupations, nor the means of purchasing their productions when procured; for in proportion as labour is disadvantageously applied, the country on the whole must be poorer. It would be rash to pronounce that system good which tends to establish a general mediocrity, not of fortune only, but of knowledge, and to prevent the growth of superiority in any department.

On the other hand, an excessively unequal division of landed property is of more mischievous consequences than an excessive inequality in the distribution of any other kind of property. Over almost all Europe such a division of landed property was established during the feudal times. In some states, the laws which protected and perpetuated this division have been greatly relaxed; but in others they still remain in force, and throw great obstacles in the way of improvement. In Spanish America this unequal division of land subsists to a great extent, absolutely preventing the settlement and cultivation of extensive tracts of highly fertile land. In a country where the population is thinly scattered over a great extent of country, and the means of communication are imperfectly formed and difficult, such a division of land enhances in a great degree the difficulties to the progress of opulence, by separating the people more widely

from each other, preventing the division of labour, and those other advantages which a concentrated population affords. Such a country, in spite of natural resources of the greatest magnitude, might remain for ages with an uncultivated soil and a scanty yet starving population.

CHAPTER XVIII.

ON POPULATION.

A COMPLETE view of those circumstances that influence the supply of the objects which minister to human wants and wishes cannot be exhibited without mention of such as affect the reproduction of man himself, for whose use and gratification all these objects are acquired. This cannot be done, because the effectiveness of industry depends in part on its combination, *i. e.* on the number of co-operators, and on the relation of their number to the extent of fertile land whence their subsistence is to be raised. We should have no occasion to speak on the advantages derived from the distribution of employment, or descant on the benefits of commerce, if there were not sufficient workmen to form a division of labour into the several occupations, and to people and cultivate different countries. The extent of the division of employment, likewise, which can be made in any community, obviously depends chiefly on the number of its members. Again, the parental affection affords a motive to exertion of the strongest and most lasting, as well as of the purest kind, and, consequently, tends powerfully to the increase of public opulence, and the advancement of all the interests of the species.

The laws, then, which regulate the reproduction of man, and the consideration of them in relation to such as govern the production of food for his support, cannot yield in importance to any of those on which we have been treating; since they involve in the closest manner his interests and happiness. False views re-

specting them must inevitably lead to pernicious consequences; while sound opinions on them must as certainly tend to the general good.

When we view the rapidly increasing movement of the population of our country, during the period in which its censuses have been taken, which movement is still going on with unslackened speed, the contemplation to a reflecting mind cannot but suggest the inquiry, in what way provision is to be made for its support. The question presses on general attention with the greater force, when we couple with it the theory prevalent amongst the greater number of political economists of the present day concerning the natural rate of the progress of population.

The following table exhibits a summary of the number of inhabitants of Great Britain, with the number of men employed in the army, navy, and commercial marine, at each of the four enumerations that have been made during the present century, showing the per centage increase in each decennary period.

	1801.	1811.	Increase per cent.	1821.	Increase per cent.	1831.	Increase per cent.
England	8,331,434	9,538,827	14.50	11,261,437	18.05	13,091,005	16.24
Wales	541,546	611,788	12.97	717,438	17.27	806,182	12.36
Scotland	1,599,068	1,805,688	12.92	2,093,456	15.93	2,365,114	13.
Army, Navy, &c.	470,598	640,500		319,300		277,017	
	10,942,646	12,596,803	15.11	14,391,631	14.12	16,539,318	14.91
Females	5,492,354	6,269,650	14.15	7,254,613	15.71	8,375,780	15.45

The females constituting a class of a more stationary character than the males, their number is here given because it affords a more accurate view of the progressive increase of the population.

Ireland exhibits almost as great an increase; as is shown in the following table.

1821	1831.	Increase per cent.
6,801,827	7,767,401	14.19

These two tables show that the population of Great Britain and Ireland, which in 1821 amounted to 21,193,458, was in 1831, 24,304,799, exhibiting an addition of 3,111,341 souls in

ten years; the per centage rate of increase during that interval being 14.68, or very nearly 1½ per cent. per annum.

Contrast this progress with that of the preceding century, as estimated from the registers of baptisms and burials.

Population of England and Wales, including the army, navy, and merchant service, in the middle of each of the years given.

Years.	Number.	Increase per cent.	Years.	Number.	Increase per cent.
1700	5,134,516		1760	6,479,730	7.28
1710	5,066,337		1770	7,227,586	11.54
1720	5,345,351	5.50	1780	7,814,827	8.12
1730	5,687,993	6.41	1790	8,540,738	9.29
1740	5,829,705	2.49	1800	9,187,176	7.56
1750	6,039,684	3 60			

The increase of population in the first half of the last century appears to have been 905,368, or 17½ per cent., while in the second half it amounted to 3,147,492, or 52$\frac{1}{10}$ per cent. Comparing the increase during thirty years, from 1770 to 1800, with the like period between 1801 and 1831; in the former it amounted to 1,959,590, or 27$\frac{1}{10}$ per cent., in the latter, the enumerations in England and Wales reached to 5,024,207 souls, or 56½ per cent.*

This remarkable change in the progress of so influential an element in the condition of a nation as its population, cannot but constitute an era in the history of our country, the results of which, whether good or evil, must be of the greatest magnitude, and remain yet to be developed.

But this advance in the number of our people has not arisen from an increase of fecundity; on the contrary, this quality has materially fallen off. In the year 1680, the average proportion of births to a marriage in England was 4.65; but this proportion gradually decreased, as will be shown by and by, till, in the year 1805, we find it had fallen to 3.50. Again, for ten years preceding 1811, the proportion of births was one in 31⅓ inhabitants; for the like period preceding 1821, one in 31¾; and for the same term preceding 1831, one in 34¼.

The continually diminishing mortality which has taken place through the introduction of vaccination, and other causes, is very

* Progress of the Nation, by Mr. Porter, p. 15.

astonishing. It applies more especially to the early period of life. The progressive decrease in the annual mortality in England and Wales, of persons under 20, has been as follows:

In 1780, the deaths under 20 years of age were		1 in 76½.
1801	. . . . .	1 in 96¼.
1830	. . . . .	1 in 124¾.
1833	. . . . .	1 in 137.

being not much more than one-half of the proportion who died under 20 half a century ago.* The increase of our population, therefore, is to be ascribed, not to our people being more prolific, for they are less so now than at any former time, but chiefly to the greater number of persons who now arrive at mature age, and have children, than was the case at an earlier period. Consequently, its progress, so far as it is dependent on this cause, must be expected to continue unabated.

Two opinions are held on the nature and tendency of the reproductive faculty in man. The one, that it exists in excess, having a constant tendency to occasion misery, by multiplying human beings faster than provision can be made for their support. The other, that it is so regulated as naturally to conduce to human happiness. The modern exhibition of the former and distressing view of the question, with its complete development and application, has been given by the late Professor Malthus and his followers. The overthrow of that view, and the substitution in its place of the latter and cheering one, is due to the labours of Mr. Weyland and the late Mr. Sadler. These contrary views, whether individually or nationally entertained, point to maxims and conduct diametrically opposite to each other. The former leads to discourage, in a measure, the marriage union, or its postponement to a somewhat advanced period of life, especially amongst the poor, who are unable to make an adequate provision for their offspring; and this with the view of lessening their number, —assuming that the condition of the people is better in proportion as they are fewer in number, and worse as they multiply. The latter denies the position that their condition suffers as they increase, asserting, on the contrary, that it improves with every addition, and denounces such discouragement as repug-

* Progress of the Nation, p. 24.

nant to nature, contrary to the laws of God, ineffectual to its intended purpose, and fraught with an immeasurable load of vice, suffering, and degradation.

Analogy with the other operations of nature strongly points to the presumption, that no natural tendency should be found in population to outrun the provision which nature has made for its support.

In the vast and complicated system of the universe, every part bears its proper relation to the other parts, and to the whole; there is nothing disproportionate, nothing in the slightest degree miscalculated or erroneous. The magnitudes, distances, and motions of the heavenly bodies, are all reciprocally so adjusted and regulated to one another as to form one consistent and harmonious whole. Any considerable deviation from the existing proportions of either of these, would be fatal to the due relationship of its several parts to each other, and destructive of the order now pervading it. If, for example, our earth were either nearer to or more distant from the centre of our system, or if it moved in any other than its present orbit, or with any other than its present velocities, either of these would destroy all the animal and vegetable existences now subsisting upon it. In all the classes of living beings which people our earth, each forms a link in the chain of existence, having a connexion with and dependence upon those that precede and follow it. Throughout the universal chain of existence in the vegetable and animal world, vegetables form the food of certain tribes of animals, while these animals themselves are devoured by others more powerful, and these again are the prey of other tribes still stronger, and so through all their classes. Thus, animals preying upon one another, in the order as these succeed beneath them, while some which are devoured by others feed only on vegetable substances, are the regulators of the numbers of each, and no considerably disproportionate increase of any one class, whether of animals or vegetables, can take place, since their numbers are kept down by those tribes of which they constitute the food. In the absence of man, the lion, the tiger, and other larger predacious animals, are the regulators of existence throughout creation. Against them man wages an uncompromising and exterminating

warfare, ultimately dispossessing them, and establishing himself in their place, wherever his numbers multiply to the full occupation of a territory. These stronger animals, in comparison with the weaker on which they feed, are universally sterile. But man, placed at the head of the scale, the regulator of all existence beneath him, and nót the prey of other animals, must have his numbers guarded and regulated in his reproductive faculty with still greater precision than even the larger beasts of prey. And such is the fact. Of all animated beings the human female is the least productive. In the several tribes of inferior animals, the rate of their reproduction, and the duration of life, different in every different species, and varied in every individual instance, are nevertheless as a whole determined by laws which in their grand results act with as great uniformity as those that govern the solar system,—exactly regulating the numbers of each, in relation to the place they occupy in creation, to the circumstances in which they are placed, and to the other tribes of beings; none multiplying beyond the provision which nature has evidently made for its support. In the operations by which nature effects her purposes in other matters, we never observe any excess or deficiency, nor any waste of the materials or of the force required to accomplish a result. Whence it is natural to expect that there should be neither excess nor deficiency in the power of propagation of human beings in relation to the power of providing for the wants of their offspring, and in relation to the other parts of the whole system of nature. Though reproduction, both in the animal and vegetable kingdoms, is in every instance a mystery which nature has so hidden from human apprehension, that in attempting to fathom it the mind is lost as in an abyss, and to accomplish which all efforts are fruitless, except through her invisible agency; yet it is nevertheless everywhere governed by laws as fixed and immutable, and which in their total results are as determinate as those more open to observation, which govern the other departments of the physical world.

We are taught that the world was created to show forth the glory of its Creator, and chiefly, in its being inhabited by living beings susceptible of enjoyment, but more especially by man, his last and greatest work, whom he has constituted lord of all.

That it was the intention of Providence to sustain mankind in comfort and affluence, and to fill his cup with pleasure, so long, and in exact proportion, as he conforms to the physical and moral laws to which he and the world around him are subject, must be presumed from the ample provision, and the inconceivable trouble, if one may so speak, which has been taken for that end.

Observe, that all the various tribes of animals and vegetables with which the realm of nature teems in every part are created for his use. The varied provision which is made for the wants of all the countless tribes of sentient existence, the peculiar organs in each adapted to their peculiar condition, and through which they are supplied with every requisite to their well-being, the powerful impulse implanted in them to propagate their kind, the strong parental attachment towards their young during the period assistance from the parent is required; these, with many other circumstances which might be mentioned, all evince the careful solicitude of nature for the preservation and continuance of their several species. The slightest observation of their condition shows that they are amply sustained and fed, and are constantly supplied with every other requisite, in proper quantities, and at proper seasons. Nowhere do we observe their want of anything. In their appearance and looks, in the vivacity of their motions, their playfulness, in the busy labours they undertake, in the sounds which they emit, they exhibit their enjoyment, and seem to breathe the song of universal happiness.

From this solicitude so strongly marked for the preservation and well-being of the inferior tribes of animals, it would be natural to expect, that there should not be less care bestowed on the higher being man. It would be an anomaly in creation, if this were wanting in his case, by his rate of reproduction, or his duration of life, being fixed disproportionately with the circumstances in which he is placed, and beyond the provision made for the satisfaction of his wants.

While we observe that all the other tribes of living beings are amply supplied by nature with all things necessary to their support and enjoyment, man, in comparison of them, is much more carefully and abundantly furnished. To them, severally

considered, in general one only of the kingdoms of nature, either the vegetable or the animal, is allotted for sustentation; and this only in strictly limited parts, or perhaps during certain seasons alone. To man, however, both these kingdoms are offered for the same purpose, and given almost without limitation. He draws his supplies from the earth, the waters, and the air. Every element, and every part of the world, all the different seasons and climates, conspire to furnish out his table with their varied and successive stores. Other animals are usually confined in their locality, but man can migrate wherever he chooses. The whole earth lies open before him, to fix his habitation in whatever spot affords the best supply to his wants; which he can change as often as he pleases. Even the migration of such animals as are not circumscribed in their locality, seems to have an especial reference to his subsistence; especially that of birds and fishes. Obeying this mysterious impulse implanted in them by nature, the finny tribes are drawn from the inaccessible north, or from ocean's unfathomable depths, to be poured on our coasts in inexhaustible shoals, to replenish our stores with a constant succession of kinds throughout the year. If astonishing instincts are impressed upon other animals, man is endowed with the incomparably higher faculty of reason, by which all nature is brought into subjection to him.

Observe, again, how great is the solicitude evinced by nature for the preservation of his offspring. Their slow and gradual increase affords time to provide for their necessities. The long-protracted period of human gestation gives warning of the coming infant, to prepare for its wants; while for a long time after birth it requires no other nourishment than that secretion in the mother which nature herself provides for it. From the period of conception, two successive harvests usually intervene before the babe requires a morsel either of vegetable or animal food; and these even then in such small quantities as to be hardly appreciable; while the strong attachment implanted in the parent unceasingly watches over it for good, and provides more than enough for all its wants.

Seeing, then, that ample provision is made for the sustenta-

tion and preservation of the inferior tribes of animals, whose multiplication is evidently unrestrained, and that they never exceed this provision, but enjoy all the happiness of which they appear capable; and seeing, again, that such great solicitude is evinced for the preservation of the higher being, man, and so much ampler provision is made for his wants, not in mere necessaries only, but in an endless variety of superfluities that solicits as well as satiates his appetites, to feed and clothe whom the Divine power and goodness stand pledged in a higher degree than to the other beings which are made subject to him; seeing all this, I say, we cannot doubt that sufficiency and the means of happiness are provided and intended for him, in such measure as he is now capable of enjoying. For, if God does not will the happiness of man, or has not placed it within his reach, and yet has created all things for his use, then we should be led to the conclusion, that the universal scheme is imperfect, either in intelligence or benevolence, that all creation is a failure, and nature chargeable with incapacity or cruelty, in not adjusting the number of her intelligent offspring to the provision she has made for them! The conclusion would be derogatory to God, would disturb our dependence on his providence, and be humiliating to man. Yet it has been considered, that the law by which the Deity multiplies his rational offspring, and that by which he makes provision for their subsistence, are different and irreconcilable, producing in their discordant operation, insufficiency, want, and suffering, as the inevitable lot of humanity; that this discordancy is not accidental, but inherent; not occasional, but in perpetual operation; an evil, in short, not light, transient, or mitigable, but productive of miseries, compared with which all those inflicted through the weakness or wickedness of men are inconsiderable; an evil, finally, for which there is no remedy, save that of regulating by expedients and controlling by checks the natural rate of the increase of the species.

But, happily, the reverse of all this is the fact. These laws are in perfect accordance with each other. A full and increasing, and, so far as we can see, an inexhaustible provision is made for the increase which nature herself limits and controls,

with one only condition for its possession, that is, exertion,—a condition which, whether in its present or its ultimate effects, is beneficial to man, contributing to the advancement of all his interests, and to raise him in the scale of being. And it is only from not knowing, or not conforming to our knowledge of the laws by which our conduct should be regulated, that we fail of attaining that overflowing sufficiency which is placed within our reach, or that we miss of that full measure of happiness of which our faculties are susceptible.

We must believe that the great temple of nature is intended to be filled with worshippers capable of admiring its beauties, and of honouring the Divinity who inhabits it; and although this should be matter of indifference to man, it cannot be so to the great Architect who constructed and sustains it. In accordance then with the Divine will, as well as with the natural feelings of sympathy implanted in us, it cannot be matter of minor importance that the multiplication of beings capable of enjoyment should take place, wherever the means of affording it are attainable; more especially of man, formed after the image of his Creator, endowed with reason and intelligence, susceptible of improvement, capable of yielding love and gratitude to the great Author of all his benefits, and destined to immortality.

But passing from the *presumptive* evidence which analogy with the other operations of nature affords to our subject, let us take a nearer examination of the question before us.

If the will of God, and the interests of humanity, be to some minds insufficient to excite the desire for a multiplication of the species, it may perhaps be raised by the narrower consideration of self-interest alone. And, accordingly, it will be our business here to show that an increase of population is consistent with personal interest, and, so far from deteriorating the condition of mankind, contributes in the most powerful manner to raise it in opulence, elevation of character, and happiness; that a dense population affords facilities to the operations of industry, and advantages of inconceivable magnitude to society, which are unattainable without it. While, on the other hand, a small and dispersed population, thinly scattered over a great

extent of country, augments the difficulties which industry has to encounter, and retards the progress of civilization, wealth, and all the other interests of mankind.

The mutual convenience of men, as well as their inclination and affection, lead to their permanent association, and all that distinguishes the civilized from the savage state, or the highest from the lowest condition of humanity, is the reward of this union.

In populous districts, situated in the neighbourhood of the sea, or of navigable rivers, the market is unlimited, and the division of labour carried to its utmost extent; especially in articles which are of easy transport. The powers of industry, in such circumstances, have, uniformly, not merely kept pace in their advance with the increase of population, but have outstripped it, and have more than surmounted the greater difficulties they had to contend with in providing sustenance for additional numbers, from the decrease relatively of the fertile land, and the consequent necessity from its inadequate quantity of resorting to soils of inferior quality. Although the most fully peopled countries have always been those in which the people were the richest, these countries have not always been the most favourably circumstanced, and the richest naturally, but only rendered so artificially. The commercial states of Tyre, Venice, and Holland, present striking examples of this kind. Notwithstanding their having to bring food from a distance, the effectiveness of their industry surmounted every difficulty, and procured a rich supply of every requisite. If it be thought that their populousness was the effect and not the cause of their wealth, it may with equal force be replied, that their wealth could not have existed but through the creation of their industry, and that their populousness, if not the cause, was at least the accompaniment of wealth. Sir Joshua Child long ago observed, "That most nations in the civilized world are more or less rich or poor, proportionably to the paucity or plenty of their people, and not to the sterility or fruitfulness of their land."

On the other hand, where families are widely separated apart, spread over a great extent of country, where communication and the transport of goods are difficult, and where, consequently,

each individual must apply himself to several different sorts of work, the productive powers of industry are at the lowest ebb. Notwithstanding that only the most fertile soils are cultivated, this advantage is insufficient to compensate for the limited extent of the division of employments, and the absence of the full measure of benefits which commerce confers. The produce of the soil bears no proportion to its natural fertility, everything which is not the produce of the immediate neighbourhood is difficult to procure, is scantily supplied, without variety; and the country, though rich in land, continues miserably deficient in all the comforts and conveniences of life. It wants the population necessary to develop its resources, and strew with plenty its extended surface.

If it had not been that the powers of industry acquire strength with the increase of population, the condition of mankind in every country would have become worse with each addition to their numbers, after all the most fertile land had become cultivated, from the necessity of resorting to land of inferior quality. But so far from the condition of the people having deteriorated with augmented numbers, the very opposite has universally been the case; the triumphs of agriculture and of the arts have been extended in every direction; and the articles of human subsistence, whether animal or vegetable, with all the comforts and luxuries of life, have increased in a greater proportion than the population. It is in a dense population that inconvenience from excess of numbers is least felt, while, amongst a horde of hungry savages, spread over a vast extent of fertile but uncultivated territory, their numbers are constantly found to be greater than they are able to support. The Baron Humboldt remarks, "Under the torrid zone, where a beneficent hand seems everywhere to have scattered the germ of abundance, man, careless and phlegmatic, experiences periodically a want of nourishment, which the industry of more civilized nations banishes from the more sterile regions of the earth." There may be limits under any given state of the efficiency of labour, beyond which population, in relation to the soil from which its subsistence must be drawn, cannot, consistently with its welfare, be increased. But, hitherto, this point has never been reached;

and so far from our having approached nearer to it, it now seems farther off than ever; it appears to recede backwards as we advance, and with even a quicker step than our approach to it.

The history of the various nations which compose the great European family shows, that in their earlier periods, when their population was thinner, an insufficiency of food was more severely felt, famines were more frequent and more severe than in the present day, notwithstanding that now the inhabitants are more numerous, and there is less fertile land unimproved whence subsistence might be drawn in time of need. On the other hand, as population has gone on increasing in these countries, food has become more abundant in them, with an addition to all their other means of subsistence more than commensurate with it, the intervals of the recurrence of famines have lengthened, the famines themselves have been shortened in duration, been greatly mitigated in their severity, assuming the milder form of scarcity, hardly affecting the great mass of the people, and at last their desolating ravages have in a great measure ceased altogether; so that from the establishment of these nations to the present hour, it is probable there never was a time when their people were so liberally supplied with the comforts of life as at the present moment. The poor of England, in the present day, are better paid for their labour, and are altogether in far better circumstances, than their forefathers were, and yet they are greatly increased in number; marriages are more frequent amongst them, and they multiply with greater rapidity. The same remark applies to the working classes of the towns in contrast with those of the country places. Their wages are higher, and their condition better in the former than in the latter, while the registers of their marriages show that they are also more a marrying class. Again, the poor of England are in more fortunate circumstances than the poor of most other countries, notwithstanding that our country is more densely peopled, while the registers show that our working classes marry more and multiply faster than those of most other countries. Of the different nations of Europe, too, if we compare the poor of one with those of another, we shall find that they are better clothed and fed almost precisely in proportion to the

relative densities of the population of those countries. It is in densely peopled countries, and especially in crowded neighbourhoods, that fortunes are most rapidly acquired. We seldom meet with great fortunes made in country villages, and when we do, they are more commonly accumulated through savings, than gained by great success in business. Every rank of society has been elevated as the numbers of the whole have increased.

The increasing prosperity of the world is in a great measure resolvable into the powerful impulse which is given to exertion by the parental affection. Next perhaps to that of self-preservation, this is the strongest motive which actuates humanity, exceeding even selfishness itself. Not satisfied with those exertions only which are required to provide a mere sufficiency for the objects of its solicitude, it affords a stimulus to all those additional and continued efforts which have elevated the social and moral state of man. Not only has it helped to spread plenty around us, it has rendered the social virtues conspicuous; it has converted exertions which would otherwise have been selfish and mercenary, into those prompted by disinterested and holy affections, purifying the feelings and elevating the character of our race. Hence the advantage of having spread around us that relationship which brings this principle into action.

Once more, it is to the advance of population, with the increased opulence which it effects, that we owe an improvement in the health, and a lengthening of the term of human existence. Under proper direction, the numbers, health, and happiness of mankind proceed by simultaneous steps. In our own country, the amended condition of the people, the command of better kinds of food, the superiority and cheapness of clothing, the less crowded state of their dwellings, their more temperate habits and greater personal cleanliness, with the command of medical assistance, and of those comforts which are required for the preservation of health, have contributed in a striking manner to diminish mortality among them.* The introduction of

* In England the estimated proportion of deaths to the population during the last century were as follow:—

1700, one in	$39\frac{4}{5}$	1720, one in	$35\frac{1}{4}$
1710, —	$36\frac{1}{10}$	1730, —	$31\frac{1}{10}$

vaccination, and other improvements in the medical art, have greatly contributed to the same end. The universal and superior culture of our soil, the extensive surface drainage which has carried off the stagnant waters that once were injurious to health, both of which have been induced from an increase of population and of opulence, have not only beautified the surface of our country, and meliorated its very climate, but have improved its salubrity. Everywhere the same effects are produced from a progressively advancing population. Epidemics become neither so frequent nor so fatal; while as far as the evils of war are lessened by a greater prevalence and higher tone of moral influence, the famines and pestilences which they have occasioned are diminished in frequency and severity in a like proportion. Thus the scale of human enjoyment is heightened by the general improvement of health, while the term allotted to this fortunate scene is lengthened by an increased longevity of our race.

Such then are the resources which man has at his disposal in providing for a larger number of the human family.

But to attempt to control the principle of population, and that not in individual cases, where peculiar circumstances may

1740,	one in	35½	1785,	one in	41¾
1750,	—	40⅓	1790,	—	45½
1760,	—	41	1795,	—	47½
1770,	—	41½	1800,	—	47¾
1780,	—	41½			

Since the beginning of the present century, the deaths have been,—

For ten years preceding 1811,	one in	53¼
1821,	—	60⅛
1831,	—	58¼

The rates of mortality in the countries below, are:

England and Wales,	one death in	59
Sweden and Denmark,	—	48
Holland and Belgium,	—	43
France,	—	40
United States of America,	—	37
Prussia,	—	36
Wurtemberg,	—	33

Vid. Progress of the Nation by Mr. Porter, p. 20.

justify interference from prudential reasons, but on the large scale affecting nations, and the peopling of the world at large, involves a responsibility of no common magnitude. Nature, in establishing equal numbers in the sexes at the nubile age, and preserving through varying proportions the balance between them during the whole term of fecundity, thereby affords the opportunity of marriage to every individual of either sex during that whole term, and seems to point out the universality of marriage as her intention; while the powerful impulse she has implanted in the sexes towards each other, is an enunciation pointing to the same end, which is too clearly marked to be mistaken. But is man to check the increase of his race; an increase which is expressly commanded by God, which is prompted by nature, and essential to the advancement of the interests and happiness of his species? His short-sightedness, which can view only a single point in the endless train of consequences that follow, disables him from judging of the measure in which the springs of human existence ought to be let out or held back. Happy it is for him that these springs are meted out by other hands than his own, for, were it otherwise, nothing but excess or deficiency could be expected; and the existence of his race would, in all probability, long since have terminated. To man in every passing generation is confided, not only the custody of his own life, but the fountain of existence of all future ages. It is a trust reposed in him, which he is to execute and not to abuse. He is responsible for the performance of this trust, since on it hangs the destiny of future ages. Not only does the way in which he executes or neglects this trust influence the peopling of this world, but also of that which is to come. He is not wastefully or selfishly to expend his heritage, and bar posterity of its succession, but transmit it to posterity unimpaired. We denounce the taking away of life as one of the greatest crimes, but preventing beings from emerging into existence who are ready to do so, is, under certain circumstances, called "a virtue." If, however, the soul of the innocent babe is destined to endless happiness after death, to shut the door of existence against it,

and thereby deprive it of that blessedness, would seem a more atrocious offence, than to allow it to taste of life, and then to send it to such a state. According to Locke, it is the endeavour to check the increase of mankind which constitutes the real offence in the whole class of unnatural crimes. "They have," he observes, "their principal aggravation from this, that they cross the main intention of nature, which willeth the increase of mankind."* Other persons have taken the same view of this subject. What then can we say of a systematic attempt to lock up the springs of life, or check and regulate the current of human vitality which flows on to future generations? If in some individual cases such attempt could be extenuated or justified by special circumstances, calling for interference in their peculiar case, on grounds which do not ordinarily apply, a general and regulated interference applying to a nation at large, must be presumptuous wickedness, and fraught with evil of incalculable magnitude.

"In every interference," says Mr. Sadler, "of the nature proposed, existence is at stake! Existence! that best, and, as we believe of man, that irrevocable gift of the Eternal; that gift of which the worm that creeps beneath our feet, as well as the first of created beings which bows before the Creator, is so tenacious; that mysterious principle, which images the Almighty's own being:—his highest work, which his power last called forth, and which he surrounds and sustains by his mercies; without which the temple of nature would be silent of his eternal worship, and creation itself a boundless and solitary desert, in which the Maker's wisdom would be unknown, his goodness incommunicable, and that vital happiness annihilated with which he has deluged the universe. Let, then, the great and the powerful appropriate, if they please, the surface of the world; let them take its wealth, its distinctions, and its grandeur; but in the name of the eternal God, let them not attempt to monopolize existence, let them not monopolize immortality! In the final home of human beings, the principle of population can be no evil; there 'are there many mansions,' too many to

* Treatise on Government, part i. ch. 6.

fear that crowding which is here deprecated so deeply: let those, therefore, who in their lifetime have their good things, grudge not that happiness and repose which await the humble and the virtuous in another and a better world." *

But the preventive check is recommended for adoption, not by the rich, who are most able to bear its privation, but by the poor. It is, however, to this class that the pleasures of the domestic circle are most essential. The few and simple enjoyments which it possesses, without a choice or change, does not allow the abstraction of any one of them without rendering it severely felt. To the labouring man, his wife is at once his solace, his assistant, his companion, his nurse, nay, even his servant. Without her company and assistance, his condition, when in health, must be cheerless and comfortless, but still more forlorn and wretched when sickness or death overtake him. To the poor of the other sex, celibacy must occasion them to be still more desolate. Since the sexes are equal in number during the fruitful period of life, as much as a single state prevails amongst the males, by so much necessarily must it exist among the females of the same class. If it were matter of doubt that the single state may be a source of pain to one of the parties, it cannot but be expected to be an annihilation of enjoyment to the other. As a state contrary to nature, it is not only often a source of inquietude, but injurious to health in those who are desirous of changing it, but are prevented from doing so. The lists of mortality afford proof, that the married state is most favourable to life. It was long since the opinion of Haller, that as continence is necessary in youth, to assure a long and happy life, so, the proper age arrived, it is as dangerous to stifle instinct as to satisfy it too much. He remarks, too, that all those who have attained a very advanced age have been married. As regards both the sexes in the labouring classes, scarcely any misfortune in life could exceed that of rendering them celibates.

If marriage in this class be deferred to the middle age, this would not in general lessen the number of the offspring. But the

* Law of Population, vol. i. p. 336.

female would have lost a part of those youthful attractions with which nature has adorned her, to render her an object of desire; and which, had they been surrendered to a husband before time had caused them to fade, would have been cherished in his memory to the end of life. Such postponement, too, while involving in the mean time the sacrifice of all those enjoyments which an earlier union would have afforded during that period of life which is most susceptible of personal gratification, and when those affections are warmest on which the happiness of future life depends, would defer the task of rearing and providing for the offspring to an age when the strength and constitution are less fitted for performing the active duties they require, and would inevitably leave, in a great number of cases, an orphan family to be reared, or perhaps neglected, by those who possessed not that parental affection and solicitude for them which are essential to their welfare, if not to their existence.

A long postponement of marriage in any class cannot be contemplated without its suggesting the effect which it must have on the morals, and thence on the happiness of a community. It would be a waste of words to show, that a lengthened abstinence from marriage presents one of the strongest temptations to vice. The passion for the sexes being stronger than the other passions, presents a correspondingly stronger temptation to break through the restraints imposed on its gratification. It would be mockery to expect a general purity of manners without the institution of marriage. In early life, with the prospect of a timely enjoyment of the gratifications it affords, and controlled by that modesty which is natural to human beings, and which is strongest when its guards are most necessary, more especially when aided by a high sense of moral rectitude, the utmost correctness of conduct may be found without them. But take away this prospect, and despair of the regular gratification of the feelings natural to man, must inevitably introduce those vices, and spread that profligacy of manners, which are fatal to the welfare of a community, and destructive of all the elements of social greatness. It is the remark of Montesquieu, "That the more the number of marriages is

diminished, the more corrupt are those who enter into that state: the fewer married men, the less fidelity is there in marriage." The same results follow from an undue postponement as from a total abstinence from marriage; nay, sometimes worse, as the afflicting consequences are then often visited upon guiltless sufferers. Notwithstanding the common remark respecting the exemplary conduct, as husbands, of reformed libertines, the contrary is the fact. Such are more likely to pollute and degrade the married state than to be reformed by it. The human passions have all their appointed and proper gratification, through which they conduce to personal gratification, and the general advantage. The married state is that condition in which the passion of the sexes in human beings has its appointed gratification, and in which alone, from their nature and constitution, it can be indulged without producing suffering. If this world present a state of moral discipline, it must be of the utmost consequence to preserve purity of thought and action by means of that conservative of morals, marriage, rather than to hazard their loss by its undue postponement. Nor let it be feared, that without the trial which it removes, the world will not offer other sufficient trials and temptations to cause it still to be a state of probation. But enough has been said to show, that the preventive check is utterly incompatible with the morals, the happiness, or well-being of a community.

The observation of the sequence of events, and the results of actions affecting the happiness or suffering of human beings, afford sufficient proof of the desirableness of promoting marriage whenever that state can be entered into with propriety. But, if these were insufficient to direct our course in this matter, the express declaration of revelation affords to all who believe its truth, still further confirmation to the same effect, in the first command to man, "to increase and multiply." The religion of revelation is not only that of truth, but is the religion of philosophy and of nature; and all who receive it must conclude that no course of action commanded by Divine authority can be prejudicial to man; but, on the contrary, must be that which, on the whole, and comprising its ultimate as well as present results, is most conducive to human happiness. We ought

not, however, to pass by with less attention the concluding part of this command,—"to replenish the earth, and subdue it, and have dominion over it;"—that is, to fill it with things required for the sustenance and suited to the wants of mankind. To multiply the species without providing the means of its support, could only end in the destruction of the new-born offspring.

The institutions and customs of the Jews led to early and universal marriage, and encouraged population in the highest degree, while their laws interdicted by penalties of unexampled severity its increase other than through its appointed way. Judea, under these institutions, became one of the most populous regions that ever existed, though its surface, which was narrowly limited, was in many parts irretrievably barren. Yet in no part of the sacred records is there the slightest allusion to any inconvenience resulting from excessive numbers, or any recognition of the necessity of checking their increase. But, on the contrary, the opposite conduct is prescribed and enforced by sacred command; while human increase is regarded as the first of blessings, and an especial mark of the Divine favour. Neither does Christianity sanction the principle of human super-fecundity, but declares marriage to be "honourable in all," and denounces "the forbidding to marry as the doctrine of devils." If revealed religion justify its claims to a Divine origin, it has left no room for new discoveries in the science of morals. He who supplements Christianity by new or more rigid observances than it enjoins, may call them virtues, but in their nature and effects they will be found to be vices. Marriage not only multiplies mankind, but it lengthens out the span of human existence. It may be justly said of her, "Length of days is in her right hand, and in her left, riches and honour. Her ways are ways of pleasantness, and all her paths are peace." But the permanent union of one man with one woman, is not more the institution of religion, than of nature. It is the natural state of man when arrived at mature age, and is necessary to the preservation of the species. When, therefore, peculiar preventive circumstances do not interpose, religion, nature, and the interests of humanity, alike demand that it should be entered into, and its duties fulfilled.

If the law of human increase were, as our opponents contend, one of continually accelerating velocity, instead of being, as it is, one of constantly diminishing speed as population becomes more dense, we might then be certain that a continually augmenting population, whatever be the rate of its progression, must, if it proceed on uninterruptedly, fill the earth to overflowing with human beings, until at last no further addition could be made from the absolute want of space in which to crowd them. We believe, in conformity with Scripture, that the world is destined eventually to come to an end; and it is possible that the present condition of things might be terminated from this cause. But if the progress of population must stop, and the existence of our race be put an end to, at some distant period, this affords no reason why in the present day, when the world is almost an uncultivated wilderness, and the powers of industry still progressive, mankind should be debarred the enjoyment of the blessings which Providence has placed within their reach, and of making those enlargements of population for which yet there is room. Hitherto the interests of humanity have been retarded, not by a redundancy, but by the deficiency of human beings. That in every previous age God has provided for all his animated offspring, and that he still does so, is manifestly shown by history and experience. While such past and present provision assures our trust in his promise, that he will never desert, but will continue still to provide for them to the end of time.* Christianity reprehends that anxiety about the continued supply of the necessaries of existence, which has never yet been withheld from all creatures, rational or irrational, and which distrusts God's care or his power. Still worse would it be to burthen ourselves with anxieties about the condition of humanity in a far distant futurity. "Sufficient unto the day is the evil thereof." But economists, not content with burthening themselves with the evil of the day, or the generation, concern themselves with the evils and difficulties which may encompass humanity in unnumbered generations to come. In the present day, we are more fortunately circumstanced than our forefathers were. We possess in a more abundant measure than at any

* Genesis viii. 22.

previous time all the essentials of happiness. Could we, in addition to these essentials already in our possession, conform our actions more strictly to the rules of duty, and acquire more of contentment, with less ambitious cravings after higher pecuniary advantages, there is no necessary impediment in the way of the great mass of the population enjoying that full share of happiness which is allotted to man in his present state of existence. We ought, then, with gratitude to enjoy the good which is in our power, and cultivate with zeal the present field of labours, though it should be only a temporary exemption from the evils which may beset humanity in a far distant futurity, persuaded that our posterity will not be destitute of the power to enlarge that field still further, should it become too straitened for them, and of cultivating and fertilizing it with more success than we, possessed, as they must be, of greater resources than ourselves.

The source of the happiness of man consists chiefly in virtuous action,—in the performance of the duties which God and nature have enjoined upon him, in the particular sphere which he occupies. It is not any given density of population that affords the richest materials of human enjoyment,—not any definite number of inhabitants for a country that is to be desired, and at which, the object being gained, further increase should stop; but it is a state of steady and progressive increase. Whatever be the amount of population, the object to be aimed at is, by enlargements in the wealth and resources of the people, to give room for a still further addition to their number. From the constitutional structure and feelings of man, it is indispensable to the satisfaction of his wishes, that his circumstances admit of an increase of the species. Hence the problem is, to place society in that position which is favourable to the most rapid enlargement of its resources; in other words, in the quickest advancement of science, morality, and opulence; by which human enjoyment may be elevated to its highest point, and extended to the greatest number of individuals. A multiplication of human beings placed in circumstances of moderate affluence, is favourable to such advancement, by increasing the number of those who are engaged in the studies, the labours, and pursuits by

which it is promoted. On the other hand, the multiplication of beings subjected to penury and distress is adverse to this advancement; first, in that such beings are wholly incompetent to the task of helping to urge it forward; and next, that they burthen and impede the progress of those who are. Such are the circumstances under which the increase of mankind seems favourable or unfavourable to human happiness.

In what has been hitherto said, while we deny the existence of a law of population inherent in man, rendering it his destiny to wage an eternal and unsuccessful struggle against want, yet it is not meant to deny that, in certain classes of society, there is a redundancy of population; or that want and famine have been constantly thinning the ranks of the great human family. This is an exception to the general rule, and not the rule itself. Such redundancy, however, is not absolute, but relative; it is partial, confined to particular classes, and not extending to the whole. Taking society in the aggregate, its interests are promoted by an increase of population. But taking it in its separate parts, the interest of each part is advanced by a diminution of its own numbers, and an addition to the numbers of the rest. Every man wishes to contract the competition existing in his own occupation, and to heighten it amongst those whose products he has to purchase. In the commerce of life, to sell dear and to buy cheap are the great objects of solicitude. But when the numbers of any class are in excess with relation to the numbers of the other classes, its interest more imperiously calls for a remedy for this disproportion. Such is the case with all those classes in society the remuneration for whose labour is depressed below the level of others. The proper remedy, however, lies, not in debarring young persons from entering into the most sacred and endearing relationships of life—of husband or wife, and of becoming parents, relationships from which flow the most of happiness which human life affords, but in transferring some of its superfluous members to other classes which are not in excess. But if this transfer cannot be made, through vicious laws and customs, or other circumstances, the only other remedy that remains to raise the condition of the

class, is, a diminution of numbers through restraint on their propagation.

The tendency of mankind to multiply, and to require constant exertion to procure subsistence for its enlarging family, increasing in every parent with the number of his children during their infancy and incapacity to provide for their own wants, is a provision implanted in the constitution of man by the great Architect of the universe, not for evil, but for good. It is one of the many motives that stimulate mankind to exertion, and is of the same tendency as the appetite for food, and the other wants and cravings of humanity; constituting that "necessity which is the great moral lever by which the condition of the species is continually elevated." But the stimulus of parental motives is more powerful and enduring in its character, calling forth higher exertions than before, and is prompted by purer and nobler motives. Without this tendency, the world had never become peopled in the insufficient measure in which we find it, nor ever could be filled to the extent which it is ultimately destined to arrive at. It is this tendency that has raised man from weakness to strength, from poverty to affluence, and has advanced all the objects in which his interests are involved. Population must in a measure precede production, and cause a greater demand for food, or food would never be raised in increasing quantities; while it quickly gives the power of raising such increased quantities, not merely by relieving each individual from the extra labour at first called forth, but by lessening the labour previously required.

Social institutions, though they have too often occasioned the want of a check on the increase of particular classes whose interests they have neglected or sacrificed to those of others, yet have no influence in creating a state of things which calls for a restraint on population at large; much less do they increase the need of such restraint. That civil institutions favour in the highest degree the multiplication of the species, is evident from the more dense population we find under their protection, the greater rapidity with which it increases, and the greater affluence the people enjoy. That an abstinence from marriage is so

prevalent in civilized life among classes considerably removed above want, must be owing chiefly to pride and luxury, which cannot permit the individual to descend from the station he has been accustomed to occupy, or give up for the sake of the marriage union, the gratifications which his circumstances afford. This is the weakness of human nature; not the result either of civilization, or of the errors and imperfections of civil institutions. Such abstinence may promote the opulence of the individual, but it is often carried to excess. While advancing private riches, it frequently curtails individual enjoyment—the only use of riches, and retards the increase of the public wealth and strength. When the number of the people is thus kept down, the quantity of labour they exert and its produce is less than they otherwise would be, and the whole revenue of the community, whence taxation is to draw the means of defraying the public services, is curtailed.

The power of propagation in the human species, while it cannot rapidly multiply mankind into unsustainable numbers, is yet sufficient to keep pace with the ordinary progress of the power to maintain additional numbers in comfort. Denouncing therefore, as we must, all public discouragements to marriage, yet *public* encouragements to that union do not seem, under ordinary circumstances, to be required; and the solicitude of governments to promote population, where it has not been mischievous, has been uncalled for. Let there be but the means of supporting a family with those necessaries and comforts to which the individuals have been accustomed, and marriages will be sure to take place. Experience shows that in a healthy state of society population keeps pace with the enlarging means of subsistence which are at its command; that the most desolating ravages of war, of pestilence, and of famine, are soon repaired by the prolific power of propagation. It would be overstepping the legitimate bounds of legislative interference, were the power of the state exercised, either to restrain the exuberance, or to supply the deficiency, of population. In whatever class it be, nothing but evil could be expected from such interference. During minority, the natural authority of the parent or guardian is exercised, but when mature age has thrown

off this authority, no other power can interpose. For the magistrate to interfere in this sacred right of human beings, would be an atrocious outrage on the rights of nature and the laws of God. The propagation of mankind under circumstances conducive to human happiness must be free from authoritative direction, guided alone by individual judgment and feeling, the result of education, working insensibly, but yet steadily and surely.

In the endeavour to place society in that position which is most favourable for a progressive increase of population under circumstances conducive to human happiness, the means to be sought after are sufficiently obvious to prevent mistake. They may be stated as of four kinds :—first, by habits of frugality, inculcating moderate desires, and holding out only moderate expectations to young persons; secondly, by the accumulation of property ; thirdly, by promoting the advancement of discovery and invention in the sciences and arts, with their introduction into practice, for the purpose of heightening the effective powers of industry ; and, lastly, by the enlargement of the field of our territorial occupation.

Property is to be accumulated for the purpose of assisting labour in the function of capital. But besides property of this kind, other kinds are required to afford comfort from their use, some of which are not only indispensable to the enjoyment, but necessary even to the existence of life. Of these descriptions are houses, furniture, clothing, and some other things. It is evident, that these need to be increased in at least an equal measure with the increase of population. The parent naturally provides these for the child, to save it the task of providing them for itself,—a task which it would, perhaps, be unable for a long time, if at all, to accomplish. Unless these be afforded by the parent, the child must obtain them from other persons, and most probably the rent or hire for their use must form a deduction from his earnings, and correspondingly depreciate his circumstances in life. No man can expect to be out of the reach of poverty, much less to enjoy the comforts of life, unless he possess some property—some capital to aid his labour, some house in which to lodge, or from which to obtain a rent,

and this in addition to the produce of his mere unassisted personal labour. The quantity of property necessary to the comfortable establishment of a child in life, must depend chiefly on the habits of expense, associates, and prospects in life, to which it has been accustomed. If the property be not enough to enable him to keep up those habits and associates, and realize those prospects, he may be expected to acquire but little of that enjoyment of life which money commands. On the other hand, if more property than this be given, he will probably obtain a large share of such enjoyment. We ought not to be content with providing a child with that minimum of property and acquirements which procures necessaries only, or even that which custom and circumstances have rendered essential in common estimation, when more is within our power. If every parent were to leave his children in worse circumstances than himself, it would happen in the end, that none would be competent to fill the higher stations; the country would become impoverished, and the advantages which society derives from such stations would be lost. To bring up a child without any occupation, is doing injury to both him and the community. Consuming a great deal, he produces nothing, either for himself or others. Men without any useful or rational occupation, are not more happy than others who are busily employed. Judging from the number of suicides in the different classes, it is probable that they are less so than other men; while they are more liable, from want of occupation, to fall into a vicious course, and become a curse to themselves and others. However large a man's property may be, that is no reason why he should not try to acquire more. If his own family be sufficiently affluent, there are others that are in want. If his affections be so narrow that they cannot extend beyond his own family, the wants even of this family at some distant period may call for exertion. Although now sufficiently rich, if its numbers multiply, its wealth will become divided, and be little enough for its numerous members. But what to the public is of most consequence is, that every accumulation of property, by whomever possessed, and though its whole revenue goes to its particular owners, is nevertheless of advantage to society. The greater

abundance of capital must increase the produce of industry, render goods cheap, and lower the rate of profit. There is, too, the advantage of the opportunity of employing capital, which the rich man must let to others to put to some profitable occupation, in order to procure without trouble to himself the revenue it may yield. In these ways, other persons, and the public at large, participate with the proprietor in the advantage rendered by capital. The same applies to other descriptions of property. With regard to replenishing and subduing the earth, this can never be done without the help of the sciences, which show us the course of nature, and the arts, which enable us to avail ourselves of such knowledge in order to render the operations of nature subservient to our purposes.

But the most important consequence resulting from a dense population is, that it contributes to the advancement and extension of science, the improvement of the arts, the progress of civilization, and of all the social, moral, and intellectual interests of man. The service which it renders to humanity in these ways is incomparably more valuable than that which it contributes to the growth of opulence. It is in populous countries, and especially in the cities and towns of such countries, that we find the seats of learning, and whence we have obtained those discoveries and inventions which tend so extensively to benefit mankind. To the thinly peopled countries we owe nothing of this kind. "The arts," says Sir Stamford Raffles, "never fix their roots but in a crowded population. Egypt, from the fertility of its soil, and consequent density of its population, led the way in science and refinement amongst ancient nations, while the sterile tracts contiguous to that favoured land, have been inhabited from primeval times by dispersed tribes of unimproved barbarians." What would now have been the condition of the world, if its inhabitants had always remained, as in the early ages, few, with their families widely separated, dispersed over a great extent of country, without co-operation, holding little or no communication with each other, and consequently almost solely dependent for everything on their own exertions? They could never have made those improvements which have resulted from association, and from the division and combina-

tion of labour. Let any man imagine the helplessness of the condition in which he would be placed, if the greater part of the population of the world were swept off, and himself left almost alone; and, consequently, deprived of a multitude of articles of necessity and convenience which he cannot produce, but which now he purchases of those who can. He will then be able in some measure to perceive that there are advantages which more than compensate for any disadvantages resulting from the world being well peopled. It is through the multiplication of the species, and the combined exertion of its powers, effecting objects which individual labour could never have accomplished, that man has become lord of the creation, and enriched himself with all its treasures. If the riches of one country, its progress in arts and sciences, and the efficiency of its powers of industry in developing and bringing to perfection the peculiar products of its soil or climate, and the products which the peculiar direction that its industry has taken affords, extend their beneficial influence to other countries than its own, it is unquestionably the interest of mankind at large, that every country should be peopled with civilized inhabitants to as great an extent as is consistent with their most rapid advancement in opulence, in refinement, and the arts. If the whole world, now for the most part sunk in ignorance and barbarism, or with great part of its soil abandoned to desolation, shall ever become overspread in every part with civilized nations, all engaged in the inquiry after truth, in the discovery and development of the secret processes of nature, in the pursuit of objects in which the interests of humanity, social, moral, and intellectual, are involved, and in extending and reflecting mutual benefits upon each other, how much will human happiness be promoted, and how rapid will be the progress of man in bringing the powers of nature into subserviency to his purposes!

Such are the rewards of that association of our species, and of that multiplication of it, which result from obedience to the laws of God and nature. And how happy it is for our race, that in this obedience, to which the constantly operating motives of interest and inclination, as well as necessity and duty, tend, our

own happiness is promoted in the fulfilment of the benevolent purposes of the Deity regarding his creatures!

While, however, all history and experience prove, that the condition of mankind in every age and country has been better, and his progress more rapid, as their numbers have been greater, and, on the other hand, that as they have been fewer, their condition has been worse, and their advance slower, it is nevertheless the fact, that in their most fortunate circumstances, mankind have never hitherto been wholly exempted from the visitation of individual poverty and distress; though these cases have been fewer in number, less severe in their kind, and most easily relieved, in the fullest peopled countries, and in the most populous periods of their history.

In every age of the world, from the earliest till within our own times, except in some few instances, the opinion has prevailed, that an increase of population is of the first importance, that the strength and happiness of the state depend on the number of its members, while no apprehension has been entertained of there being an excess. Hence, until recently, the study of almost all nations, and the policy of statesmen, was to multiply rather than repress the number of their people. With this view, they afforded a stimulus to population, by encouraging marriages, bestowing rewards for rearing a numerous offspring, assigning contempt to a protracted state of celibacy, raising foundling hospitals, and fostering in every possible way the increase of numbers. The simple state of society in the earlier ages, the great mortality amongst the people, the general prevalence of the condition of slavery, so fatal to the advance of population, the little division of employments, the facility of acquiring the requisite skill in the arts which were then known, and the abundance of fertile land, were probably in part the causes of these views. In such a state of society, with little skill in the arts and with simple machinery, rough labour was greatly in demand, industry was able with moderate exertion to procure an ample supply of food and coarse necessaries, though only a scanty supply of the comforts and embellishments of life. At present, however, slavery in the more civilized countries is

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nearly abrogated, or its severity greatly mitigated; and, consequently, the pressure which from this violation of the natural rights of man kept down the increase of his numbers, is taken off; while his general health and longevity are improved. Again, in the more complex state of modern society, rough labour is less in request, and in order to find employment, a higher degree of skill is required in the generality of workmen; and there is a superabundance of labourers of some particular kinds, who are unable to transfer their labour to occupations in which they might find work, through the difficulties, both natural and artificial, which are interposed to their making such transfer. Not having the same urgency for an increase of people in our days as in earlier times, the policy of affording an artificial stimulus to their increase has passed away; and, imbibing the maxims of a modern school, men have run into the error of imagining that a superabundance of population already exists, the further increase of which it is necessary to restrain, lest it exceed all bounds, and they are ready to adopt the fatal expedient of checking it, not, indeed, by positive and forcible means, yet "through the medium of a higher self-respect, and a higher taste for the comforts and decencies of life amongst the people themselves," to be instilled into their minds. But cases of individual or partial distress are no evidence of a superabundance of labourers on the whole. It is only particular classes that are too numerous, and it is not an absolute but a relative excess; for a further increase of some of the other classes would remedy the evil. Our ancestors considered that an increase of people was the only object, no matter of what description, or by what means obtained, and overlooked the necessary condition which renders such increase desirable, namely, its occurrence under circumstances conducive to human happiness. But what benefit would accrue from an addition to the population, if unable to maintain itself, and which could only be subsisted from the funds for the support of other persons? There can be no merit in bringing into the world a numerous offspring, poor, ignorant, helpless, indolent, and depraved; which can be only a burthen and a pest to society. We cannot but class amongst the worst members of the state, those who most burthen it by multiply-

ing such objects of vice and wretchedness. Unless a corresponding addition can be made to the means of subsistence, an increase of population can only be productive of misery and of increased mortality. Though happiness is promoted by an increase of recipient beings, yet it must be only when the means exist of satisfying the animal wants, without excessive toil, and where the mind is trained to that control of its desires which is consistent with the means of gratification that are within its reach. The happiness of the state, which consists in the happiness of its members, would be diminished by a multiplication of members so destitute, and which would work no countervailing advantages to the other members. Not that riches are essential to the enjoyment of life. A moderate competency, with a reasonable expectation of its continuance, is all that is necessary to this end. Happiness seems to be distributed in nearly equal measures throughout all the different ranks and degrees of which society is composed. The most cursory observation is sufficient to show that there is often as much enjoyment of life in the lower as in the higher ranks. Cares often increase with the increase of property. As regards the main ingredients of pleasure, health, peace, and contentment, the balance seems to be in favour of the former ranks rather than of the latter.

Happily the means of subsistence, and of employment, corresponding with any increase which the power of propagation can occasion, are easily obtainable. As regards employment, this has been already shown in treating on that subject. Questions of employment, and the wages of labour, are intimately connected with those of population. The determination of the circumstances on which the former depend goes far to solve the latter. An increase of labourers of classes whose numbers are already relatively superabundant, and exceed the means of employing them, and who are unable from poverty to raise themselves or their children into classes where their labour would be called for, and, consequently, prove beneficial to society, cannot be desirable. The welfare of classes so depressed is to be promoted, not by an addition, but by a decrease in their number. This decrease may be effected by transferring a part of

them to the superior classes, or by emigration to countries where labour of the kind they are able to perform is in request. But if neither of these means be adopted, or be practicable, the only remaining method by which their condition may be raised, is a diminution of their increase by births. Their condition, however, may be much more ameliorated, by the transfer to those other classes which consume the products of their labour, than by a diminution of their own. By such addition, fresh customers would be obtained for them, from whom they might procure full employment and an advance of wages, while greater competition would be occasioned amongst those classes the products of whose labours they consume, whereby the prices they have to pay for them might be reduced. The addition now spoken of is not of the rich only, but of the working classes. The poor are by far the largest employers of the poor, as well as the largest suppliers of their wants. Thus, in order that a child may have the prospect of supporting itself in comfort by its labour, without trenching on the resources of others, there must be the means of teaching it some one of those arts in which workmen are not in excess; of furnishing it with tools and implements of labour, and with some small portion of property. Of such children, we need be under no apprehension of having an excess. But without these means, children add permanently to the distresses of the class to which they belong, and to the burthens of those other classes by which they must be supported. Parental affection willingly bears this burthen for the objects of its tender attachment; but to others who do not partake in this attachment, the burthen must be expected to be irksome.

If it be allowed that an increase of population promotes the prosperity of society, and if it be true, again, that large bodies of workmen are often out of work and in distress, chiefly through their excess of numbers, not absolutely, but in relation to the other classes which consume the produce of their labours, while an increase of these other classes, under certain conditions, is to be desired, then, it is plain, that "a higher self-respect, and a higher taste for the comforts of life," prevailing generally among the working classes, would not remedy this disproportion;

neither, if the propriety of artificial interference were admitted, would this disproportion be remedied, nor, consequently, the welfare of the community at large be promoted, either by indiscriminate encouragement, or indiscriminate discouragement, to population, and which should leave the relative proportions of the classes the same. To have any useful effect, discrimination must be used in the application, in either case.

But the propriety either of encouragements or of restraints as respects population, whether applied with or without discrimination, cannot be determined without knowing how far the human constitution of itself leads to an increase of number, and needs to be stimulated or checked; and its power of propagation is to be viewed in contrast with its power of acquiring the means of subsistence.

Our inquiry therefore consists of two parts,—first, the natural rate of the progress of population; secondly, the rate of the progress of the power of providing for its support: on the relation of the one to the other, the question of the expediency of encouraging or discouraging an increase of human beings depends.

First, then, our inquiry is as to the natural rate of the advance of population.

But the march of population has not always been onward; it has almost as often been retrograde. Nations, as well as families, decay. Where shall we now find those ancient and once populous people, the Egyptians, Carthaginians, Babylonians, Assyrians, Persians, the recital of whose triumphs and greatness swell the pages of history? "The cradle of mankind, and their earliest seat, the East, has become their tomb, where the few and wretched survivors seem but like a band of lingering mourners," left only to tell the tale of their fate. The most ancient races have become the least numerous, while those of comparatively modern origin have become the most populous. Nations once the most powerful, invested with supreme dominion, whose lands were crowded with inhabitants and overflowing with plenty, have disappeared. The useful arts which they cultivated, and the inventions which they discovered, are many of them forgotten and lost. As their numbers have de-

creased, the enlarging void has opened out no refuge of plenty to the survivors; but on the contrary, has aggravated individual distress and wretchedness.

Nor are we without examples in the present day sufficient to show that the same causes still work the same results. It is not all the nations which now occupy the face of the earth whose people are increasing in number. The continent of America has witnessed in recent times the decay and ultimate extinction of many a once numerous tribe of warlike savages; while many another seems fast hastening on to the same fate. In our own colonies, the black population is on the decline, and if freedom do not interpose to arrest the progress of this waste of their numbers, must, ere many generations elapse, become extinct. In the contemplation of these melancholy scenes of desolation, we naturally ask, what can have been their cause? and it is at once interesting and instructive to learn the lessons of wisdom which history, in these instances, so impressively teaches. It has not been an excess of population, and a consequent insufficiency of food for its support. It has not been the physical, but the moral ills which afflict our race; but more especially those vices which are connected with the propagation of the species, and which in their varied forms have contracted and contaminated the stream of human vitality, which should have flowed on in a free and untainted current to after-ages, have impaired the fruitfulness of its sources, and rendered them incompetent to the full performance of their functions. The sovereign Judge of all the earth, in the constitution of things, has with equal justice awarded on one hand to virtue and intelligence, freedom, power, opulence, and populousness; and on the other hand, to vice and ignorance, slavery, weakness, depopulation, and poverty. Should we fail to learn the momentous lesson thus taught us of the causes of the advance or decline of nations, we should remain unacquainted with the true secret of their prosperity, and hazard the chance, that, in future, our people, now advancing with the most rapid progression, may decline, to give place to others, who in their stead, shall become the instruments of good, the instructors of the universe, and the rulers of a large portion of its population.

In almost all ages and countries, mankind have been more or

less withheld from exerting their full power of increase, and this chiefly through the difficulty which would have been found of finding subsistence for their offspring. Contrary to what might have been expected, this has been more the case as opulence has advanced, and the means of providing for them have been more easy of attainment. To allow an unrestrained increase, it is not enough that the means exist of supplying the additional number with food and absolute necessaries; there must also be, in most cases, the power of adding to these such comforts and luxuries as custom and habit in the estimation of the individuals assign as requisite for the enjoyment of life. It has been affirmed, that "population has in all cases a natural tendency to exceed the supply of food for its support." Now, if by this natural tendency be meant the appetite and power of increase, indulged without restraint, it is sufficiently known that a promiscuous intercourse of the sexes is adverse to an advance of population. But if it be meant, an unrestrained entry into the marriage union, it is a possible, though not a probable, case, that population would multiply faster than provision could be made for its wants under such circumstances. If, however, it be taken as the appetite and power under the control of reason, influenced by the circumstances in which the individual is placed, the affirmation is triumphantly negatived by the past history of our race. Reason is a part of the natural structure of mankind, as much as the power and appetite for increase. Through its exercise, the indulgence of all the appetites, which would of themselves lead men to excess and produce suffering, are moderated and restrained within such bounds as prevent these consequences. The desire for food, indulged only by the impulse of the palate, would often overload the stomach beyond the powers of digestion, and produce satiety, disease, or death. Had the principle of increase been to go beyond the means of subsistence, the condition of mankind, instead of having advanced, could never have been raised above the lowest state of poverty and degradation in which it has at any time been found; or if it had ever for a short time been so raised, such tendency would quickly have depressed it again to its original poverty. The movement of mankind would have been backwards. But so far from this having been the case,

their natural tendency is to improve. Taking, therefore, man with his natural appetites, but *controlled by reason*, there is no *natural* tendency in population to exceed the powers of industry and of the soil to afford it subsistence; and the apprehensions that it should ever exceed these powers are altogether groundless.

The rate at which population would advance, if wholly freed from restraint of every kind, has formed a subject of much conjecture. Dr. Franklin supposed the population of America must double itself every twenty years.* Mr. Malthus affirmed, from observations on the actual increase which has taken place in countries and circumstances highly favourable, that there is reason to believe, if every check to the increase of mankind were removed, it would double every fifteen years. Dr. Hamilton considered this a greater rapidity than is consistent with the present state of the human constitution, and the circumstances in which it is placed, yet he supposed that twenty years might be assumed as the shortest period of doubling.† Mr. Malthus further affirmed, that population advances in a geometrical progression, while the means of providing food for it follows only in an arithmetical ratio. Accordingly, if population increase at a rate of doubling itself in any given number of years, these ratios would stand thus,

Population	1.	2.	4.	8.	16.	32.	64.	128.	256.	&c.
Food	1.	2.	3.	4.	5.	6.	7.	8.	9.	&c.

Now, if these ratios represented the laws according to which population and food increase, they would be applicable to every period of the history of man. The time of doubling might be longer according as circumstances were less favourable to an increase, but the ratios would still remain the same. Let us assume that this time of doubling is, under favourable circumstances, twenty-five years. And let the number of our first progenitors, or their offspring at any other given time, be represented by the first figure, 1, of the geometric series, and their subsistence by the corresponding figure, 1, in the arithmetical series: here there is an equality between their numbers and their

* Dr. Franklin's Works, vol. ii. p. 385, 1806.

† Progress of Society, p. 334.

food. At the first period of doubling, likewise, the like equality prevails, each represented by 2. At the second doubling, their number amounts to 4, while the provision for them is only 3 In the third generation, therefore, a deficiency of food occurs amounting to one-third. Another generation comes, and the number of persons would be 8, but their subsistence only equal to 4; consequently, just half-sufficient. The fifth, sixth, and seventh places, namely, the 16, 32, and 64, would have rations for 5, 6, and 7 only. In the seventh generation, the people would have outrun their subsistence in the proportion of 128 to 8, and consequently would have but one-sixteenth part of a share each. In the third century, the unit of population would have become 4096, and that of provision only 13. But without pursuing the series further, enough is stated to show, in the monstrous disproportions which it exhibits, that the principle of the calculation must be wrong. Apply these ratios to the circumstances of any people, or of the world at large, at any period of their history,—say, for example, of two, three, or more centuries back, and assume that then the series began, population and subsistence being on an equality, and, according to the different progression of these ratios, they would long since have so multiplied as to be reduced to absolute starvation. But no such distressing result has as yet occurred in the history of any nation. On the contrary, so far from the numbers of the people having yet been repressed by famine, they are now, in all civilized countries, more amply and better fed, clothed, and lodged than at any previous period, when population was thinner. The question amongst the nations in the present day is, not which shall obtain food from the rest, but which shall be permitted to feed their neighbours. But if these ratios cannot, in the advanced stages of their progression, be applicable to the world in the present day, when it is more fully peopled than at any former period, still less can they apply to any earlier times, when a more ample extent of land in relation to population must have rendered it easier than at present to provide sustenance for a greater number of persons. "No record exists of any extensive country fully peopled, and cultivated to its utmost capacity, or even approaching to such a state." Since, then, the melancholy results

which these ratios exhibit are contradicted by the evidence of history and the universal experience of mankind, they cannot be in operation, but must be erroneous in principle.

We are indebted to Mr. Weyland for the first enunciation of the views now taken, and to the indefatigable labours and research of the late Mr. Sadler, for the full exposure of the errors of the principles of population which owed their origin to the late Mr. Malthus, and which were from him generally received, as well as for the discovery, the full development, and establishment in their place, of the laws according to which the increase of the human family really proceeds. Founded on minute and exact calculation from facts supplied from all the known censuses and registers of the different countries which have furnished such, the proof of these laws seems placed beyond dispute. I can therefore, on this branch of the subject, do little more than exhibit a condensed view of the leading facts and principles developed in his voluminous work.*

With regard to the States of North America doubling their population in twenty-five years, on which great reliance is placed by Mr. Malthus and his disciples, for the support of their theory, it may be observed, that these States present an example of a people subjected to as little restraint, and placed in circumstances as favourable to an increase of population, as any in which mankind has ever yet been found, since human life has been shortened to its present term of duration. Enjoying peace and security of person and property; possessing free institutions (so far as the white population is affected); with fertile land in unmeasured abundance; with capital, skill, and science to give an unexampled productiveness to industry; and with unprecedented advancements in the medical art, whereby life is preserved and prolonged; the people of these States are thus furnished with the means of providing for augmented numbers, as well as of preserving and prolonging life, to an extent, and with a facility, never before possessed in any age or country. The progress of population in these States, then, may be taken as an example of the natural rate of procreation, when subjected to as little restraint as can anywhere be found. Now from the

* Law of Population.

censuses taken of the population of America during the last thirty years, it is found on the average to have doubled its population in twenty-five years. But in this country, the population receives great and continued accessions of emigrants from all parts of Europe. The number of these it is difficult to compute, but they cannot be less then 10,000 annually; chiefly single young men in the prime and vigour of life. In the enumeration of 1820, the relative excess of free white females of all ages in America over the males, as compared with the proportion existing between the sexes in Wales, gave an excess of 301,882, and as compared with Great Britain still more, being 360,725, and it is estimated that the marriages in that country are increased from this source more than one-tenth, and the population in a still greater proportion.* In this country, then, the actual progress of population affords no evidence of the natural rate of increase unassisted by such accessions; emigration having been the main cause of such rapid increase. Mr. Sadler has given a table in which he shows, that a community in which the marriages are as 1 in 108 individuals, the births 4.38 to each marriage, and the deaths half the number of the births, would not double its population in less than thirty-five years.† But this is a far more rapid duplication than has ever taken place in America from procreation alone.

The population of Great Britain is increasing at a rate which, if it should continue uniform, would double itself in about fifty years. That of France would require for the same purpose about eighty-eight years. The Baron Dupin stated,‡ that the people of the old countries of Europe were increasing at the

* Sadler on Population, Book III. ch. 6. † Book II. ch. 12.

‡ Annual increase upon each million of inhabitants, and the period in which the population would double itself, if the increase continued uniform.

	Increase on 1,000,000 individuals.	Period of doubling.
Prussia	27.027	26 years.
Britain	16.667	42
Netherlands	12.372	56½
Two Sicilies	11.111	63
Forward		187½

rate (if continued) of doubling in about sixty years. The censuses of our own population were thought to show a larger increase than had actually taken place, from the earlier ones having been defective, as it is in the nature of these enumerations to become more complete the oftener they are taken. But the last census seems to contradict this opinion, showing, as it does, an increase but little different from the former ones. The increased duration of human life, however, which has taken place, through the introduction of vaccination and other causes, and which in England is supposed to have equalled during the last fifty years one-third of the whole duration of life, renders the more recent censuses larger, and causes them to show a greater increase of population than they would have done had no such improvement in the term of existence taken place during the interval. Vaccination had little or no influence in the first, but materially influenced the succeeding censuses. It is obvious, that where an equal number of births adds annually to the population, and a fewer number of deaths in successive years decreasingly lessens the number of individuals which had previously been swept annually off, the population must be increasing from this cause alone, independently of any other. But a part of the increase proceeding from this source is not permanently progressive. The younger lives that are saved and preserved till the parties marry, will add to the number of births; but the older lives which are lengthened may not do this. These last, however, form but a small proportion of the whole. Whatever

	Increase on 1,000,000 individuals.	Period of doubling.
Brought forward		187½
Russia	10.527	66
Austria	10.114	69
France	6.536	105
		7)427
	Average rate of doubling	61

Art. 9. Foreign Quarterly, on Baron Dupin's Force Commercial de la France.

they be, when the population shall have grown up to the full number which the superior longevity of this class occasions, it will thenceforth remain stationary, as far as this cause is concerned, and will afterwards be dependent for its continued increase on an annual increase in the number of births,—unless, indeed, a still further extension shall be given to the duration of life, from further improvements in the healing art, or other causes, not yet in operation.

Every fact connected with population shows that its increase is a matter of strict regulation; subject to laws which accomplish their object with the greatest certainty; securing the preservation and increase of the species, at the same time that they limit its excess. Causes almost infinite, apparently unconnected, varying exceedingly in individual instances, are nevertheless so governed and complicated as to produce general results of surprising accuracy and certainty: indicating thereby more of intention and wisdom, and securing the result more effectually, than if produced by one simple independent cause; since the more numerous and complicated the means adopted to produce one grand uniform result, the more exquisitely exact must be the calculations respecting each. These laws, again, are too strictly guarded to allow any meddling interference to thwart the accomplishment of nature's immutable and benevolent ordination, of keeping up an enlarging succession of human beings to the measure of the enlarging provision she has made for their wants. Moreover, the physical causes which effect this ordination, identify themselves with moral causes, which are as essential to the happiness as to the preservation of the species. That the growth of population must be so regulated and guarded, to secure the well-being of man, it would be a waste of time to endeavour to prove. For, let the laws which regulate the rate of reproduction, or the proportion of the sexes, be altered or reversed; and let, for example, the fecundity of man be increased to that of some of the inferior animals on which he feeds, while his power of supporting his offspring shall remain as at present; or, let the proportion of the sexes in their totality, as in single families, be as it were matter of accident, so that, at one time

and place, the one sex shall be perhaps five times more numerous than the other, while at another time and place an equal disproportion shall prevail on the contrary side; and we should soon be awakened to an agonizing sense of the disorder and misery which such change or chance would introduce and spread around us.

The proportion of male to female births might be adduced as one of the many proofs that the whole system of population is under the unceasing direction of the Deity, either through the immediate and perpetual superintendence of his providence, or through the operation of those secondary causes established by his eternal prescience. This proportion offers a remarkable instance of the exactness with which the system proceeds; it is one which is obviously formed for the preservation of the species, and abundantly expressive of benevolence of design. In a single family, nothing can be more uncertain than the proportion between the sexes of the children; and yet in a whole community, a certain definite relationship between them is preserved with the utmost exactness.

But the sexes are not equal to each other at birth; nor is the difference in their numbers stationary in different periods, or alike at the same time in various places. According to the registers of England from the years 1800 to 1820, there were born in this division of the empire 2,975,125 males, and 2,856,111 females, giving a proportion very accurately of 25 of the former to 24 of the latter. But this excess of males is only an anticipation of nature to counterbalance the greater mortality of that sex, and provide for the union of the adults of both sexes. In every stage of existence, from the earliest to its close, the life of the male is more precarious than that of the female. The consequence is, that at about the age of 15, the numbers of each sex become balanced; after which the females constitute an increasing majority.* But this excess of females does not necessarily

* The population of England in 1821 was 11,261,437, and the number whose ages were returned was 9,830,461; of which the sexes and ages were as follow :—

consign some of them to involuntary celibacy. The term of fruitfulness of the male exceeding that of the female by nearly twenty years, and allowing for his somewhat later marriage, and earlier mortality, it is evident that among the marriages dissolved by death, the female will have survived the period in question in a far greater number of cases than the male. The much greater number, therefore, of widowers than of widows who marry again, is not only founded on custom, but on the nature and necessities of society; without which the race would dwindle, and become extinct.

From a table constructed by Mr. Sadler it appears, that of 8100 marriages, there were 1100 widowers married to women previously unmarried, and only 500 widows married to single men; the remaining 300 marriages between widowers and widows balancing each other, do not affect the present computation. Hence it appears, that to every 8600 first marriages of males, there are 9200 like marriages of females: a proportion conformable, not only to fact, but to the principles of nature, as just explained. Turning then to the census of Sweden, as a country which has been little affected by emigration, war, or other cause of disturbance in the natural proportion between the sexes, and assuming that there are no checks to marriage but what nature dictates, the marriages of the males would take place at 22 years, and those of the females at 19. Now we find from Dr. Price's

Ages.	Males.	Females.	Total.
Under 5	739,762	725,202	1,464,964
5 to 10	645,735	636,604	1,282,339
10 to 15	562,209	530,226	1,092,435
15 to 20	475,052	499,638	974,690
20 to 30	706,757	845,469	1,552,226
30 to 40	555,713	607,867	1,163,580
40 to 50	452,514	468,336	920,850
50 to 60	320,092	328,077	648,169
60 to 70	215,263	230,009	445,272
70 to 80	106,697	114,572	221,269
80 to 90	27,052	32,564	59,616
90 to 100	2,052	2,999	5,051
	4,808,898	5,021,563	9,830,461

tables, where the population of that country is given, divided into the numbers of each sex at every age, calculated on a given radix, that for every 5483 males at 22, there are 5852 females at 19. Consequently, were all to marry for the first time at those ages respectively, there would only remain the almost unnoticeable difference of 21 females in 9200. From thus proportioning the number of the sexes at birth, and establishing a different law of mortality to each, so as to cause that numerical excess, but necessary proportion, of females at the nubile ages, Providence has manifested, that so essential a part of the principle of population as the proportion of the sexes, is governed by laws, which however mysterious, are as certain in their operation as they are beneficial in their effects. But the happiest proof of the proper, though not numerical, balance of the sexes is founded on the fact, that none seem doomed to involuntary celibacy by their being unequally proportioned. On the whole, it is surprising to remark, how universal is the prevalence of marriage; and it is hard to determine, of the few who die unmarried, which sex predominates.*

But the law which governs the proportion of the sexes at birth, fixed and unbending as are its ultimate results, is nevertheless subject to a variation in its immediate operation. Aristotle, in one of his theoretical works, recommends the postponement of the marriages of the male sex, and fixes the proper age of their marriage at 37, while that of the woman he places at 18, with the view to increase the number of children, and to render them of more robust and healthy constitutions. Now such postponement must of course condemn a great number of women to celibacy, as there never can be so many men at 37 as there are women at 18. But if any society were absurd or wicked enough, with whatever motive, to adopt a regulation establishing these as the respective ages of marriage, the usual proportion of the sexes of the children would be altered thereby, and give a larger proportion of male births. For, according to Mr. Sadler, "The proportion in which the sexes are born is governed and regulated by the difference in the ages of their parents, in such manner, that on

* Vide Law of Population, Book IV. ch. 2.

the average, among the total of the births, the sex of that parent shall exceed in number, whose age exceeds; and further, that such excess shall conform to the mortality which would take place in a period equal in duration to the interval between the ages of the parents; preserving, therefore, the balance of the sexes at the usual age at which they respectively marry.* It may be assumed, that where the marriages are the least numerous in proportion to the marriageable portion of the community, there they are the longest deferred. But this postponement is usually on the part of the male only, who is generally averse from takng to wife a female who has in this respect followed his example. It may, therefore, be taken for granted, that the fewer the marriages, the older are the males compared with the females who contract them. Now the marriages in England, compared with those of Wales, calculated on the same class in regard to age, are more numerous in the proportion of 105 to 95; and the number of male births in England are in a proportion of 1042 males to 1000 females; whereas in Wales, the births of the males are to the females as 1093 to 1000. Again, in London, about 1 in 100 are annually married, while in Cumberland, there are only about 1 in 154, and the proportion of male to female births in London is as 1012 to 1000, while in Cumberland, it rises to 1101 to 1000. Once more. In Manchester the marriages are as high as 1 in 91; but of the births there are only 1002 males to 1000 females. In the hundred of Lonsdale, south of the Sands, however, where the proportion of marriages is smaller than in Cumberland, or than in any other hundred of Lancashire, the births of the males are 1084 to 1000 females. Lastly, the case of illegitimate births, resulting as they generally do from the earliest connexions on the part of the male, and therefore belonging to parents more nearly of an age than legitimate ones, afford a striking proof to the same effect. All observations concur in representing that of illegitimate births, the females are in a higher proportion to the male than of legitimate. The following instances may suffice.

* Law of Population, Book IV. ch. 3.

	Legitimate Males.	Illegitimate Males.	Females of each class.
Sweden	1044	1017	1000
Montpelier	1071	1008	1000
France	1066	1049	1000
Prussia	1061	1027	1000
Average	1062	1040	1000

Tables constructed by Mr. Sadler from the registers of the peerage, show, on the average of 1027 fruitful marriages of peers, the proportion of male to female births to be 1052 to 1000. And, in 381 first marriages of peers, being the whole number in which the ages of both parties could be ascertained, the following shows the influence which the difference in the ages of the parents, respectively, has in regulating the proportion of the sexes of their children.

Difference of Age, the Husband being	Being as Males	to Females
Younger	1000	1156
Equal	1000	1055
Older.		
1 to 6 years	1000	964
6 to 11	1000	789
11 to 16	1000	678
16 to 21	1000	625
21 and upwards	1000	600

These disproportions between the sexes of the children, he shows conform to the law of mortality for the period between the ages of the parents.

It is singular, however, that in after-marriages on the part of the husband, though such, it is obvious, must be contracted at a later age than first marriages, and, generally, when the disparity of years between the husband and wife is greater, still the female births, contrary to the case of first connexions, are, under all circumstances regarding the age of the parents, on the average more numerous than the male. In the peerage registers, the number of the second and subsequent marriages of

those peers whose ages at marriage, together with that of their peeresses, could be ascertained, is 54; the male births resulting from which were 117, the female 129. In 107 instances, where the age of the father only could be ascertained, these produced 204 male and 256 female children. This provision of nature attending second marriages compensates for the difference between the law of mortality and that of population, and justifies the conclusion, that the difference in the proportion of the sexes at birth is so regulated as to preserve that equipoise at the nubile period so essential to the purposes of nature.

From the consideration of those laws of nature the obvious design of which is to secure the increase of the species, we proceed to notice one or two of an opposite, but equally important, tendency,—which prevent their undue and excessive multiplication into unsustainable numbers.

The institution of marriage limits, in effect, the period of male fruitfulness to that of the female; while the latter is shorter, in reference to the whole term of existence, than probably in any other animated being in creation. Its possible extent barely comprises half the duration of life; its actual continuance falls short, probably, of a fifth part of it; while another provision of nature, which usually prevents the pregnancy of the female while she suckles her infant, still further contracts the actually prolific season of life. Thus manifesting the tender care of the first great Cause for his offspring; securing the health of the mother by fixing the term of fecundity at the most vigorous age, and keeping the generations so far apart as to leave space sufficient for the exercise of those charities, whether parental or filial, on which the health, the happiness, and the very existence of our race depend.

Even this period of female fecundity does not, any more than the other processes of reproduction, conform to an inflexible law, operating equally under every disparity of circumstance, but adapts itself to the state and situation of human beings,—an adaptation the more striking, because it is beyond the reach of human interference or control.

It is notorious that the period of pregnancy commences much earlier in some countries than in others; in the warmer climates,

for instance. Now, if in the cases in which that period is antedated it were lengthened to as advanced an age as in those where it takes place later, and with an equal degree of annual fruitfulness, it would argue either an excess of prolification in the one instance, or a deficiency in the other. Such, however, is not the dilemma in which the laws of nature have left the human race; for where the productive period commences soon in life, there it terminates, at least, proportionably early.

Again, where this period commences the earliest, the births will take place the soonest; and as the generations must therefore be more crowded upon one another, the population will augment more rapidly. But against this consequence also nature has provided, in having abridged that term in the females, in proportion as its commencement is antedated. In India, "where the human female commences to be prolific at eight, she ceases to remain so before she attains thirty." Thus, everything connected with even the preparatory processes of human production is regulated, not by fixed and arbitrary, but by varying and relative proportions, involving a series of secondary causes, all contributing to the same end;—the due increase of the species, but without an excess. In these we have abundant proofs of the minute calculations of the Deity, and of the exact adaptation of his laws to the various circumstances which affect the species on this important subject, frustrating whatever would interfere with the happiness of mankind, and providing for the universal union of his offspring. In tracing the subject further we shall find, that the principle of population is regulated by the number of a people, and adapted to their circumstances: a truth which we now proceed to consider.

No fact relating to the human species is better ascertained than that their fecundity varies in different communities and countries. The principle which effects this variation, Mr. Sadler calls, the law of population, which he thus briefly enunciates.

"The prolificness of human beings, otherwise similarly circumstanced, varies inversely as their numbers."* Thus, "the

* Book IV. ch. 4.

prolificness of a given number of marriages, all other circumstances being equal, will vary in proportion to the condensation of population; so that that prolificness shall be greatest where the numbers on an equal space are the fewest, and, on the contrary, the smallest where these numbers are the largest." Thus far the theory has reference to space only, but indicating a system of population so regulated as to people the earth where it is uninhabited, or to restore the number of its inhabitants where they have been wasted, without at the same time threatening to overwhelm it with a continued and arbitrary increase. Again, "The prolificness of human beings, as thus regulated by the extent of the space they occupy, is furthermore influenced by the quality of that space, or otherwise by its potential produce; so that the same number of marriages in a population occupying an equal surface, will, all other circumstances remaining equal, be less productive in mountainous than in champaign countries, and less in the frigid than in the temperate regions." "Lastly, the prolificness of an equal number of individuals, other circumstances being similar, is greater where the mortality is greater, and, on the contrary, smaller where the mortality is less." Thus, ease and affluence, which increase with increasing numbers, diminish, as they prevail, the prolificness, and consequently limit the multiplication of mankind.

That the fruitfulness of human beings, under similar circumstances, varies inversely as their numbers, Mr. Sadler proves in these several ways. 1. By generally acknowledged facts. 2. By the comparative fecundity of marriages in different countries, equally circumstanced, except in regard to population. 3. By the comparative fecundity of marriages in different districts of the same countries. 4. By the comparative fecundity of marriages in towns, in relation to the number of their inhabitants. 5. By the comparative fecundity of marriages in the same countries and districts at different periods, as the population has increased. 6. By the comparative fecundity of marriages in the same places and districts, at different periods, where the population has diminished. 7. By the analogies of the animal and vegetable kingdoms, in regard to the principle of production. 9. By the demonstration afforded by distinct

classes of the human species; and especially by the British peerage.

It would be impossible to exhibit even such a condensed view of the multitude of these different classes of facts, brought forward by this author in support of his principle of population now stated, as should do justice to his argument; and we can only, therefore, refer to his elaborate work, in which they are set forth at large. A few only will be briefly adduced. Gregory King states, that, at the period when he wrote, the fecundity of marriages was, upon the average, in the country $4\frac{3}{10}$ children each; in moderate sized towns, $4\frac{2}{10}$; and in the metropolis, 4. Rousseau contrasts in strong terms the sterility of the females in towns with the fertility of those in the country. Dr. Short remarks upon the general fruitfulness of country breeders compared with those of towns. Dr. Black says, that marriages in cities produce sometimes under three children, generally between three and four, seldom four; whereas in the country places and villages, they seldom produce less than four, and generally between four and five at a medium. Dr. Price says, that in country places marriages one with another seldom produce less than four children each; generally between four and five, and sometimes above five; but in towns this proportion is generally between three and four. Notwithstanding this diminished fertility of marriages in cities and towns according to the density of their population, yet marriages are earlier and more frequent in the cities and towns than in the country places; and as marriages are more numerous, they take place earlier. Gregory King gives the proportion as,—in the country, 1 marriage in every 141 inhabitants; in large towns, 1 in 128; in London, 1 in 106. Dr. Short says, people marry earlier in towns than in the country.

Commencing with the lowest gradation in the scale of population, when in a state of civilization, and ascending to the highest, where similar habits prevail, and moreover, where the climate and rate of mortality are not, perhaps, materially dissimilar, inserting in their proper positions those other countries with whose state of fruitfulness we are acquainted, and which, also, are nearly equal in other respects, we shall have the proof now under consideration as fully before us as our present limited information admits. The two extremes of the argument may be

taken to be New Holland, as the most thinly, and the mother country, England, as the most densely peopled countries, where the circumstances which affect the question are sufficiently similar. As to New Holland, it will suffice to show the surprising increase for a few years only, in its five principal settlements there, viz. Sydney, Paramatta, Windsor, Liverpool, and Newcastle, as given by Mr. Oxley. The totals are as follow :—

Years 1815	Population 12,911	Annual increase	18 per cent.
1816	15,175		18
1817	17,265		14

From these numbers must of course be taken the convicts and emigrants who were added to the population during these three years ; but, after these rectifications, the increase which took place from births only must have been without parallel either in the European or American world. The astonishing fecundity of marriages in New Holland, though no registers exist, is substantiated by the unanimous declarations of all who have witnessed the circumstance and have adverted to it.

The colony of the Cape of Good Hope is also very thinly peopled, there being not quite one individual on the square mile, including the aboriginal inhabitants. The increase of the colony, including all the different races, has been as follows: 1814, 84,069; 1819, 99,026; 1821, 116,044; 1822, 120,000. Exhibiting an augmentation of 43 per cent. in eight years. Much of this has, doubtless, been occasioned by emigration. But the births will present the argument in a less exceptionable form. These during the term in question averaged 1 in 10.9 on the whole of the female population ; while in the State of New York that proportion is 1 in 13.2; in England 1 in 17.3. In the State of New York the proportion of annual marriages to existing females in 1820, was 1 in 68 ; and supposing the proportion at the Cape to have been 1 in every 60, this would give 5.48 as the average produce of marriages during that term. Nothing, then, is clearer than the extraordinary fruitfulness of human beings in this scantily peopled part of the world.

The following table,* constructed from various sources of information, exhibits the comparative fertility of marriages, as

* Law of Population, Book IV. ch. 6.

regulated by the density of population, in the countries specified, and at nearly the same period.

Countries.	Inhabitants on a square mile, about	Children to a marriage.
Cape of Good Hope	1	5.48
North America	4	5.22
Russia in Europe	23	4.94
Denmark	73	4.89
Prussia	100	4.70
France	140	4.22
England	160	3.66

The exceptions to the universality of this rule as it respects the diminution of human fecundity in the severe climates and sterile regions of the north, may be exemplified in the following cases: In Sweden, from the years 1749 to 1763, the births bore a proportion to the marriages of 4.16 to 1. The Laplanders, we are assured by their celebrated historian Shefferius, are unfruitful. The Icelanders, on the authority of Malte Brun, have not a numerous offspring. The Greenlanders are described by Crantz as the reverse of prolific. The exceptions of mountainous and sterile districts may be shown in the case of Wales as contrasted with England. In the former, the production of marriages, according to the census of 1820, was 3.29 to 1; while that of marriages in England, during the same period, was 3.59 to 1. In Switzerland, according to the calculations of Murat, the fruitfulness of marriages was considerably less than in France at the same period.

The law of mortality has a visible correspondence and adaptation to that of fecundity. This fact manifests itself as it respects entire countries when relatively examined. For instance, the kingdom of Naples, compared with that of France, is not very dissimilarly peopled. In the former, however, the deaths to the population were nearly as high as 1 in 31, on an average of the mortality of the years 1822, 1823, and 1824. The deaths of France, however, during those years, were not 1 in 40; but the proportion of births to marriages, which in the latter country was only 3.94 to 1, rose as high in the former as 4.86 to 1. The

same curious fact holds good likewise as it respects different districts of the same country. Again, even in the same countries and districts, mortal years are, on the average, invariably more fruitful in conceptions than healthful ones, other things, and particularly the number of existing marriages, remaining the same. Lastly, this law of nature operates individually. The families in which there are the most victims to mortality, are those in which there is, on the average, the greatest degree of fecundity; and more especially, if there be any hereditary taint threatening life, as in the case of struma, for instance.

That the fruitfulness of human beings is regulated according to the density of population, is shown in the censuses of England, by a comparison of their fecundity in different divisions of that country, as given in the population returns of 1811 and 1821. The results of this comparison are exhibited in the following table; where the inhabitants are found to be on the square mile,

From 50 to 100,	2 counties,	the births to 100 marriages are 420
100 to 150,	9 counties,	 396
150 to 200,	16 counties,	 390
200 to 250,	4 counties,	 388
250 to 300,	5 counties,	 378
300 to 350,	3 counties,	 353
500 to 600,	2 counties,	 331
4000 and upwards,	1 county,	 246

The same disparity is found on examining the censuses of France, Prussia, Ireland, the United States, and the Netherlands.

It is equally proved by comparison of the rural districts and towns of England, the results of which are as follows. In the rural divisions of the country, where the population is sparingly disseminated, and agriculture mainly prevails, the average annual proportion of marriages to baptisms is, as 100 to 477

In towns under	1900 inhabitants	(1)	100 to 467
from	1900 to 2000	(2)	100 to 422
	2000 to 3000	(10)	100 to 390
	3000 to 4000	(12)	100 to 360
	4000 to 5000	(11)	100 to 356
	5000 to 10,000	(30)	100 to 327

In towns from	10,000 to	20,000 (22) as	100 to 304
	20,000 to	50,000 (10)	100 to 282
	50,000 to	100,000 (4)	100 to 240
	100,000 and upwards (3)		100 to 234*

The following table shows the diminishing fecundity of marriages in England, as its population has increased.

Periods.	Population.	Births to a marriage.
1680 . . .	5,500,000 . . .	4.65
1730 . . .	5,800,000 . . .	4.25
1770 . . .	7,500,000 . . .	3.61
1790 . . .	8,700,000 . . .	3.59
1805 . . .	10,678,500 . . .	3.50

Thus every document proves that the fruitfulness of mankind is regulated by the amount of the great masses in which they associate, as well as by the proportionate density in which they people any entire district or country of the world; modified, however, by circumstances which have a direct tendency to proportion their numbers to their means of subsistence.

The retarded advance of population as it becomes more dense, and consequently the impossibility of the rate of its increase being a geometrical progression, is further proved, by the rate of mortality falling the heaviest where the population is most crowded. In any given country, the relative mortality of cities amongst themselves is greater in proportion to their size. It is greater in all of them than in towns, and in these again the mortality is greater than in villages and country places. Sussmilch calculates the annual proportion of deaths to be 1 in 40 to 50; in moderate sized towns, 1 in 28 to 31; in great towns, 1 in 24 to 28. Dr. Price's calculations are less favourable to a crowded population; his proportions of deaths are varied thus: in the country, $\frac{1}{35}$ to $\frac{1}{60}$; in moderate sized towns, $\frac{1}{25}$ to $\frac{1}{28}$; in great towns and cities, $\frac{1}{19}$ or $\frac{1}{20}$ to $\frac{1}{23}$ or $\frac{1}{24}$. If then, as mankind increase, villages become more numerously inhabited, some of them rise into towns, and towns again en-

* Law of Population, Book IV. ch. 14.

large into cities, while cities themselves become more populous, it follows that the general rate of mortality must increase as the inhabitants thus multiply—other things remaining the same. It is worthy of remark, that the difference in these rates of mortality falls heaviest on very early infancy. After this first stage of life, the chance of living is nearly, if not quite, as favourable in towns as in country places.

A curious fact is observable, which may be regarded as little else than a corollary of the general principle. It is, that the fecundity of marriages increases after any considerable diminution of population. After fatal epidemics, the registers of the cities or countries where they have occurred, have usually exhibited an equal or even greater number of annual births than occurred previous to their visitation, notwithstanding the smaller number of persons surviving from whom they had to proceed. This is shown in the London bills of mortality, during the visitations of the plague, and has been observed in many other countries, after similar visitations. The same remark applies to the varying rates of mortality which in a less perceptible degree distinguish the more or less healthy or unhealthy years from others. The annual registers of England from 1780 to 1819 inclusive, give a total number of deaths in the mortal years of 3,881,478; in the healthy ones, 3,774,732. In the former there were celebrated 1,540,627 marriages; in the latter, 1,561,935; yet in the former years there were 5,517,975 conceptions, in the latter, 5,471,930 only.

Adverting to the condition of human beings in the various states in which they are usually classed, or through which those communities have passed that have emerged from barbarism and gradually risen to civilization, we find the lowest condition the most favourable, and the highest the most adverse to procreation. The lowest condition of human beings is that in which they are mere hunters, or little more than superior animals of prey; a state of extreme severity, whether as respects fatigue or privation. It moreover demands a vast extent of country, in proportion to the inhabitants it sustains. As these increase, a more ample and certain supply of animals is required for their subsistence, and the nomadic or pastoral state succeeds

to the predatory. Numbers still increase, and the agricultural state ensues; being that form of civilized society which supposes the scantiest population, and the most laborious, not to say necessitous habits, of any with which we are now personally conversant, though superior to the preceding conditions. Population still enlarges, and while all classes partake of the general benefit, multitudes are liberated from the lower drudgeries of life; many are found devoting themselves to higher and more intellectual pursuits; and not a few exist in a state of luxurious refinement. In this progression two facts present themselves to notice: the first is, that, at every step the means of subsistence become more certain in their supply, more equably sufficient in quantity, and greatly improved in their kind. The second, that human labour is, at the same time, as regularly diminished in its duration, and mitigated in its intensity; confirming the ancient maxim, that people are the riches of a country.

Now, whether we trace the fruitfulness of one and the same nation, in the course of its progress, or compare existing communities or classes, differing from each other in these respects, we equally find, that the state most favourable to fecundity is that in which the population is most thinly scattered, and consequently most laborious and frugal, while the most adverse is, that where the population is most dense; where, therefore, labour is least severe, and the comforts as well as luxuries of life most generally enjoyed.

Regarding the first stage of society—the uncivilized, too little is known on the subject before us to warrant any precise conclusions. The common opinion is, that it is eminently unprolific; and if such be the case, it is doubtless attributable to those practices which have unhappily been adopted in it with the express intent of checking the increase of population. The ancient Germans, amongst whom human increase was unrestrained, were exceedingly prolific. Their growing posterity have possessed themselves of the fairest, and given institutions to the finest, regions of the globe; while those races that have been practical converts to the necessity of repressing their numbers, daily becoming more depraved in their habits, and

degraded in their condition, are fast disappearing from the face of the earth. One of these original classes of society, however, still exists in civilized countries: this consists of fishermen; whose pursuits are still identical, in some respects, with those to which we have been adverting; and these are everywhere found to be highly prolific, in comparison with the rest of the community. Looking to the different classes of civilized society, the agricultural requires the largest space, and is subject to the greatest labour and privation, compared with artisans. The latter, as society advances, become proportionably more numerous, their labour is lessened by its minute division, and by the mechanical arts which diminish its intensity, while its relative remuneration is heightened. Higher pursuits supervene, property is accumulated, and multitudes are released from personal exertion altogether; while all indulge, in some degree, in ease and luxury. The latter condition of society supposes a fuller population, and is invariably found to be less prolific. Hippocrates observes, that the labour and privation of the lowest sphere of life are as favourable to fecundity, as the indolence and affluence of the highest are adverse to it. Herodotus remarks, that the poor man is distinguished as being "blessed with children." Bacon asserts, that "repletion is an enemy to generation." Dr. Short remarks that poor food and hard labour are conducive to prolificness, and consequently that "the poorest and most laborious part of mankind are the fruitfullest;" while he ascribes the inferior fecundity of town breeders, compared with those of the country, to their more plentiful eating and drinking, and greater idleness; observing, that the most voluptuous, idle, effeminate, and luxurious, are the barrenest. Dr. Perceval may be cited in proof that poverty, with its necessary labour and privations, is, in the same situation, whether in town or country, more prolific than wealth, which is exempt from them. He says, that "the parish of Dunmow, in Essex, contained 262 poor families, who had 460 children; there were also 116 families of the ranks above them, who had only 120 children, little more than half the former proportion. The ratio of deaths in five years was, of the poor children, 1 in 45½; of those in a higher station, 1 in 37½." M. Villermi, in his late re-

searches concerning the population of Paris, has remarked that, comparing the first and the twelfth arrondissements, the former of which is the richest, and the latter the poorest, division of the city; the poorest is the more fruitful in the proportion of 1 birth in every 26 of the inhabitants, compared with 1 in every 32; a difference of nearly one quarter. Dr. Short asserts that the offspring of the labouring poor are more vigorous and healthy than those of the more wealthy classes; and the greater mortality amongst the children of the latter seems to decide the question as to which class not only produces, but permanently adds most to the population of a country.

The preceding view of the principle at issue is also demonstrable from the universal history of the human species. The different nations which have successively risen and possessed themselves of the power and opulence of the world, multiplied their numbers, and spread their dominion, while they were of necessity temperate, frugal, and industrious; consequently prolific and increasing. But what was it that wrought the downfal of such countries? It was excess of wealth, ease, luxury, and refinement; a state which so diminished their fruitfulness, that no examples however elevated, no laws however severe, no efforts however strenuous, could replenish their decreasing numbers, and they fell through that excessive luxury, by which all or most of the empires mentioned in history, have been enervated; indisputably proving the fact, that man is comparatively sterile when he is rich, and that he breeds in proportion to his poverty.

Thus the law of population, founded on physiology, is a principle of universal benevolence: it is not only the cause of the present advancement of society, but will remain the impetus of its future and indefinite improvement. The moral argument in its favour equals the philosophical; to which, if necessary, the authority of inspiration might be added. For it is a truth, that God, either by direct interference, or by the operation of secondary causes, "setteth the poor on high from affliction, maketh them households, like a flock of sheep. He blesseth them, so that they multiply greatly."*

* Vid. Law of Population, Book IV. ch. 21.

The view now taken of our subject is further confirmed by appeal to analogy as regards the physiology of the animal and vegetable kingdoms. In those animals which are under human management, it is an acknowledged fact, that spare living and constant labour as effectually promote fecundity as pampered indolence is fatal to it. There is not an agricultural breeder who is not aware of this fact: some indeed to their cost. Virgil long ago indicated the same fact; precisely conforming to the human female in that respect. With regard to plants, the most ignorant cultivator is aware, that where the soil is too rich, and the vegetable food too profuse, he risks his crop running into straw: such excess, though favourable to the vegetative, is inimical to the reproductive principle. While it occasions the straw to be abundant, the grain is always deficient. The spring feeding of wheat, the pruning of fruit-trees, the topping of beans, and other similar practices in agriculture and horticulture, proceed on the presumption, that luxuriance of leaf, strength of stem, and depth of colour, which arise from a profuse stercoration, and indicate vegetable vigour, prognosticate a deficiency of prolificness. In a word, rankness is but another phrase for barrenness. "When plants are furnished with an abundant supply of food, their reproductive energies develop themselves slowly, and flowers and fruit are late in appearing. On the other hand, when the supply of nourishment is scanty, when the plant is, as it were, starved, and when death is threatened, the reproductive energies act with readiness, flowers and seed are produced, and the extinction of the race guarded against." So true is it, therefore, that in the vegetable, as well as in the animal kingdom, "repletion is an enemy to generation:" so false, that in either, and above all, as it respects mankind, any existence whatever "breeds up to food."

The same is likewise proved by reference to the British peerage. This class is placed in the most favourable condition for developing the utmost effect of the principle of human increase. It is in circumstances highly conducive to the preservation of life, in possession of that affluence which should render the prudential or preventive check inoperative; it is a marrying class, and the utmost care is taken of its offspring, who in like

manner succeed to the enjoyment of all the advantages that wealth can bestow. Placed, then, in circumstances which are pronounced most conducive to human prolificness, do the nobility "breed up to the level of their food," and "double their numbers, in geometric progression," at short and stated intervals? The very question suggests its reply. Where are the descendants, not the male, but the individual representatives of the great barons of the Conqueror, or of those registered as his distinguished adherents in the rolls of Battle Abbey; or, to descend to a lower period, of the great barons of England, whose signatures are added to Magna Charta? Had the principle of population now controverted been true, these last ought by this time to have amounted to as many individuals as there are, perhaps, inhabitants in the known world. Few indeed, however, are now remaining. Of the royal houses of Plantagenet, Tudor, and Stuart, there is not one male descendant. Sir William Dugdale observed, "that of the 270 families treated of in the first volume of his Baronage, there were not above eight remaining." If we take the creations of peerages of the seventeenth century, it will be found that of the 242 additions to the peerage during that century, there remain extant at this day 63 only;—about one-fourth! But small as this number is, it is still too large to exhibit a just view of the question. The inquiry is confined to one sex only, whereas there were female remainders in many of the patents; besides collateral remainders, to brothers, fathers, uncles, cousins, and their heirs. Now, if the posterity of these peers had "doubled every twenty-five years, or increased in a geometrical ratio," which rate of increase Mr. Malthus says "we may be perfectly sure is far within the truth," as applied to the natural fertility of human beings, they would have amounted in the present day to more than 50,000 souls of one sex alone. Of the two last generations of the English peerage, there were 480 individuals who possessed in two preceding descents, honours now in existence. These contracted 576 marriages; the number of children resulting from which was 2303, or, almost exactly 4 births to each. Of these children 1137, or about one-half, lived to marry; of which

a considerable majority were sons. These facts, as far as they go, appear to indicate a condition of life which would keep their numbers nearly stationary, with perhaps some trifling increase. But in this enumeration those marriages only are comprised which proved fruitful, but the peerages which had become extinct are not enumerated. These, since the commencement of the reign of George III. amount to about one hundred. The marriages which thus proved unfruitful would reduce the proportion of births to little more than three, instead of four to each. But though the peerage, as a body, has a constant tendency to a decrease in its numbers, it cannot be that its members do not almost universally marry, since the numbers above quoted are alone sufficient proof to the contrary. Nor do they postpone marriage so as to interfere with their fruitfulness; for in the cases in which their ages could be ascertained, the mean age was rather more than 28 years each; while that of their peeresses was 20½ years. Nor again can it be that the nobility are not a healthy class; for the mean age of those peers whose ages could be ascertained was full 64 years each; while their peeresses exceeded 72 each at their decease. The same degree of unfruitfulness in the higher ranks has been observed in other countries, and in all ages of the world, while the lowest have uniformly been the most prolific: thus verifying the truth delivered to us from the remotest antiquity, that "man being in honour abideth not."

The law of population as now developed disproves the notion of the geometric ratio of human multiplication, and liberates the principles and feelings of mankind from the pernicious tendencies of that theory. Exhibiting, as it does, population constantly diminishing in fecundity, as space becomes occupied, and yields more productively, it shows that nature has calculated the principle of prolificness, with an evident view to prevent human increase exceeding the means of subsistence; and dissipates at once those fears regarding the future condition of mankind, so degrading in themselves, and so baneful in their consequences. Without any other limitation as to its effects, than those which God himself has ordained, it is fitted to conduct

mankind, by a regular and sure progression of increasing improvement, moral, intellectual, and physical, to the highest state of prosperity and happiness.

But if the principle of population were other than is now stated, and if it would infallibly lead to universal suffering and degradation, without those checks which it is said are required to restrain its undue increase, it would still be open to show that the "checks" which have been recommended to that end, in place of the natural checks of war, pestilence, and famine, which are affirmed to be the otherwise inevitable consequences, are not such as would, if adopted, be effectual for the purpose. One of these is abstinence from marriage, or at least its postponement, especially in the female, to an advanced period of life;—on the supposition that early marriages are most conducive to human increase. Mr. Malthus contemplated 28 or 30, which he subsequently reduced to 27 or 28, as a very auspicious period for female marriage. But setting aside the inevitable calamity that such postponement of the marriage union would inflict upon the offspring and the country at large, by increasing the number of orphans, it would not have the effect of lessening the number of children; nor would the universal marriage of the males, even at so early an age as twenty, materially accelerate the advance of population.

Nature, in accomplishing her purpose of replenishing, without surcharging, the population of the earth, has so regulated the fecundity of the human female, that the earlier marriages seem less, and the later more, fruitful of children. At all events, if there be a difference in their effects, it is that the earlier connexions add permanently the fewest to the general increase. A succession of a given number of early marriages would increase a community more rapidly than the same number of later ones, equally prolific, by crowding a greater number of co-existing generations upon each other. Hence the necessity for a diminution of the fruitfulness of each, in order that they may not overcharge the population in their permanent effects, and for this it will be found that nature has provided. It appears that in the towns of England the marriages are as many as 1 in every 89 inhabitants, but in the country places, only as 1 in 155, and,

consequently, on the average contracted at a later period of life; yet in the former the marriages only give 2.61 baptisms to each marriage; while in the latter they give 4.77 to each.* In the different counties of England, the proportion of baptisms to marriages is as follows: †

	One marriage in every	Proportion of baptisms to a marriage.
1 county . . .	95 . . .	2.46
2 counties . . .	100 to 110 . . .	3.43
8 counties . . .	110 to 120 . . .	3.82
9 counties . . .	120 to 130 . . .	4.02
13 counties . . .	130 to 140 . . .	4.10
7 counties . . .	140 to 150 . . .	4.27
1 county . . .	158 . . .	4.52
1 county . . .	167 . . .	5.18

The same fact is observable in the different towns of England, where the fecundity of marriages is less in proportion as they are more numerous in respect to the population, and consequently contracted, on the average, at an earlier period of life.

When marriage has been postponed, so as to render the degree of increase intended by nature apparently more difficult, she seems carefully to guard against being defeated in her purpose, by extending the term of female fruitfulness, or by increasing the fruitfulness during what remains of its customary duration. "When women marry late in life," says Dr. Mason Good, "the postponement of the generative energies will carry the period of prolificness beyond the fiftieth year."‡ Such extreme case, however, is one which rarely happens.

The facts now spoken of were not unobserved by the legislators of antiquity. With them, it was one of the first objects to encourage population: the necessity for which is plain from the history and ultimate fate of all the free states of antiquity. Lycurgus took every means to promote universal marriage. For this purpose, he rendered celibacy disgraceful, he inhibited the early marriages of females—postponing that connexion till they

* Law of Population, Book IV. ch. 14. † Book IV. ch. 18.
‡ Study of Medicine, vol. v. p. 11.

were in the full vigour of life. This period some have supposed 25; others 22. Plutarch declares that the later marriages of the Spartans tended more to the procreation of children than the earlier ones of the Romans. Aristotle, speaking of early marriages, says, "The conjunction of young persons is bad for the procreation of children. To the female, premature wedlock is peculiarly dangerous, since, in consequence of anticipating the demands of nature, many of them suffer greatly in childbirth, and many die." "Premature conjunctions produce imperfect offspring, females rather than males, and those feeble in make and short in stature. That this happens in the human race as well as in other animals, is visible in the puny inhabitants of countries where early marriages prevail."

The following table, constructed by Mr. Sadler from the facts recorded in the registers of the English peerage, shows the effect of the postponement of the marriages of the peeresses, on both their fertility and the preservation of their offspring.*

Period of marriage.	Number of marriages.	Number of children.	Deaths of children before the nubile age.	Births to each marriage.	Proportion of mortality to each birth.	Permanent increase.
12 to 15	32	141	40	4.40	283	3.15
16 to 19	172	797	166	4.63	208	3.66
20 to 23	198	1033	195	5.21	188	4.23
24 to 27	86	467	180	5.43	171	4.50

Whence it appears, as far as this table goes, that not only are the marriages more fruitful the longer they are deferred, but the deaths in their offspring are, proportionably, less numerous; causing, therefore, by this inverse ratio of fecundity and mortality, the later marriages to be more conducive to permanent increase than the earlier ones.

Another table constructed by the same author, exhibits at one view the effect of the postponement of marriages on their fecundity in all the countries where the facts necessary for the determination of the question are known;—assuming, what is unquestionably the case, that where the marriages are more numerous in proportion to the population, there they are more early also:—

* Law of Population, Book III. ch. 17.

Marriages to the population, one in	Average Births to each Marriage in England.	Towns of England.	France.	Prussia.	Kingdom of the Netherlands.
— 100	2.43	2.46	. . .	4.24	3.09
100 to 120	3.76	3.22	3.79	4.33	4.89
120 to 140	4.07	3.71	3.98	4.49	4.96
140 to 160	4.28	4.25	4.39	4.62	5.18
160 and upwards	5.18	. . .	4.66	. . .	5.82

From these facts it is sufficiently proved, that the postponement of marriage, within any reasonable limit, in the female, so far, in ordinary cases, from diminishing her fecundity, has the directly contrary effect. It is unnecessary to show that a like postponement on the part of the males would not diminish the fruitfulness of their marriages. All the evil and mischief, therefore, of such postponement is perfectly gratuitous.

With regard to a greater universality of marriage, if such were prevalent, it would have less influence in accelerating the march of population than is commonly supposed. If the whole of the males in England were to marry on attaining their twentieth year, there would be one marriage in every 116 individuals, considering only first marriages. But the actual marriages in England in 1820 were 1 in $122\frac{77}{100}$: a proportion not very considerably greater; and if a postponement of marriage on the part of the female for a few years does not injure her fruitfulness, the loss of the possible increase is confined to such as arises from the mortality existing among the females between the earlier possible and the later actual marriage, and the want of husbands to some from the mortality or celibacy of the other sex.

From the remarks which have now been made on the circumstances connected with human propagation, and which have been collected chiefly from the elaborate work on that subject left us by the late Mr. Sadler, we proceed to observe on the other branch of the argument,—the rate of progression of the power of providing sustenance for the increasing numbers of mankind. That human increase does not proceed in a geometrical ratio has been sufficiently shown; yet that it has a constant tendency among civilized nations to advance, under the present circum-

stances of an almost unpeopled earth, is happily a fact which does not admit of question. There is progression on both sides; and we shall find on examination that the power of providing for the wants of increasing numbers advances with greater rapidity than is commonly imagined; that population, though approaching "the level of the means of subsistence," will never reach, much less surpass it; "constituting a demonstration in physics, as certain as that by which it may be illustrated in mathematics, that the curve of the hyperbole will never touch its asymptote."

The advocates of the theory of population against which we contend, assuming that population increases in a geometrical progression, further assume that the means of its support can increase only in an arithmetical progression. Hence they affirm, "the extreme importance of controlling the principle of population, may be shown by comparing the natural ratio of its increase, with the natural ratio of the increase of capital."*

If it were true that these two ratios were thus disproportionate with one another, it would follow, that a final term exists, which must be arrived at, and that within no very distant period, beyond which the earth cannot be made to yield support for a greater number of people. But placed as we are on a point in the lapse of ages whose extent, both anterior and posterior to ourselves, baffles the utmost effort of human imagination to grasp, and limited in our observation to this single point and the narrow space immediately connected with it, it is impossible for us to penetrate the recesses of futurity, or compute the interminable results of causes now in operation, much less of new and unknown causes and combinations which may arise. If it were admitted that such final term does exist at some remote period, it is sufficiently certain that its actual position cannot at present be determined, and that it is too distant to render it matter of concern to us. But even the apprehension of consequences so remote, would be an imputation on the wisdom or benevolence of that Providence by which all things are ordered, on which we ought implicitly to trust, leaving the result to "Him in whom are the issues of life and death."

The expectation that population, if unrestrained would inevit-

* Mr. M'Culloch, p. 199

ably outrun the means of its subsistence, rests on two assumptions,—1. that capital constitutes the means of employment and support for the working classes, and, 2. that capital increases only in an arithmetical ratio. Now it happens that both these assumptions, like that of the geometrical ratio of population, are equally unfounded in fact.

With regard to the first of them, enough has already been said, in a former part of this work, to show, that capital, although it assists labour, is not the cause of employment; but that labour creates capital, not capital employment; and that employment depends on the skill and proper distribution of workmen in the different occupations, and on their being content to work for such moderate remuneration as the state of the market and the means of purchasers allow for purchasing or employing the whole quantity of labour to be disposed of. It is unnecessary here to repeat the arguments there adduced. Let this one remark, however, be permitted. It is obvious, that with every addition to the labourers of a community, there is a corresponding *addition to the means* of augmenting capital; and if capital be required to aid their labour, we cannot doubt that it will be created; since it will be in such demand as to render its production profitable. If, then, it were conceded that capital does not increase in equal ratio with population, the conclusion that the means of support of the people cannot increase in that ratio, whatever it be, must still remain destitute of proof; because capital is not the cause of employment and support to them.

But it does not appear that capital cannot increase in even a geometrical ratio, if such were necessary. If the propriety be admitted of limiting the signification of the term capital to such objects only, the acquisition of industry, as are destined, in their last end, not for present enjoyment, but for the acquisition of further objects of desire, this term, in such case, will not comprise all our property, nor even all our stock; but only a part of it. It will, therefore, be much easier to increase rapidly a certain class only of our property than to increase with equal rapidity every class of it. Now the *power* of accumulation depends on the excess of revenue over the mere supply of necessaries; and the rate at which stock will accumulate must depend on three cir-

cumstances,—1. the productiveness of capital, 2. the magnitude of this excess of revenue, and, 3. the spirit of parsimony. It is possible that the greater number of capitalists might subsist on the bare produce of their personal labour; devoting the whole profit of their capital to accumulation. In such case, if the profit were five per cent., the capital would double itself in fifteen years. However, if a portion only of these profits be devoted to accumulation, whatever that portion be, it will still accumulate at compound interest. But accumulations are not made solely from profits of capital. They are made equally from all the sources of revenue: they are made from the earnings of labour, and the rent of land, as well as from the profits of capital. The deposits in our savings banks, of which it may be said that scarcely any part was obtained from the profits of stock, furnish decisive evidence in their amount that wages form a source whence accumulations of no trifling magnitude may be made.

Opulence, and the power of accumulation from excess of revenue, depend on the extent and fertility of unoccupied land, the quantity of capital which industry can command in assisting its labours, and the skill and freedom with which labour and capital are applied. Although the quality of land remaining unoccupied must decrease as population advances, yet knowledge, and consequently the effective powers of industry, are progressive. Nobody fails to notice, much less denies, that knowledge is progressive. Yet too little attention has been paid to the rate at which it advances. If science did not daily enlist fresh volunteers in its service, and if, year after year, only the same number of persons were occupied in its pursuits, we might be ready to conclude, that its progress is only in an arithmetical ratio. But when we see that its diffusion is unquestionably in a geometrical ratio;* that fresh votaries, especially as population increases, are acquired in continually augmenting numbers; and if we add these fresh votaries to the old, considering, too, that already

* The Baron Dupin says, that in the 375 years, from the invention of printing to 1814, the productions of the press in France had grown up to 45,600,000 sheets per annum, and the twelve years from 1814 to 1826 they had increased from 45,600,000 to 144,500,000: in other words, the advance made has been thrice as great in these 12 years as in the preceding 375.

some concert of operation is established amongst them, and the combination and division of labour in science, as well as in industry, are extending themselves, whereby the effective powers of research and discovery are heightened; when, again, we consider that as population shall go on, the number of labourers in science will become still greater, and the division of the departments amongst them be better established, it is impossible to deny that the natural rate of the progress of knowledge is one of accelerating velocity. The boundaries of the "republic of letters" have already been extended from Europe to America, and a new continent has thus been acquired for it. Asia and Africa, with the ancient seats of learning and refinement, remain to be subdued or reclaimed and added to its dominions. Civilization has commenced her onward march; she is no longer quiet. India lies open and prostrate before her. Africa, the strong-hold of barbarism, is no longer inaccessible. At the two extremities, and against the centre, of that dark continent, civilization, under the wings of the two most polished nations of the earth, has planted her foot, and began to diffuse her light; can we doubt of her progress? What the rapidity of the career of science will be when the whole world shall be comprised within the territories of this "republic," and the whole powers of its advancing population join in urging it forward, must be too great even for imagination to portray, and too dazzling for vision to follow. The benefits accruing from advances in science are not confined merely to the single individual through whose exertions they are acquired, or even the country to which he belongs, but are enjoyed by all mankind, and in all succeeding times. "What is gained for humanity in one country, however remote, is gained for humanity throughout the world. In the course of years the same improvement in practice will be everywhere adopted, and the new accession of principles will be universally made known. The schools of arts in Britain will serve as models for the instruction of workmen in Mexico and Peru; and the schools which circulate through the glens of Wales, or the Scottish Highlands, will have their counterparts in the defiles of the Caucasus, or in those which ascend the sides of the Andes, or penetrate the roots of the Himmalaya."*

* Advancement of Society, p. 217.

Since, then, advancing knowledge heightens the powers of industry, the question is, whether it measures the decreasing fertility of the soil which must be cultivated, as population increases. That, hitherto, knowledge has enabled us to do more than counterbalance this decrease in the fertility of the soil, is a matter of fact which does not admit of question. After having for centuries been continually taking into cultivation fresh soils of inferior native fertility, the power of raising produce from land, even though necessarily for the greater part of poorer quality, so far from having diminished, has advanced in a ratio faster than that of population; and food can now be raised from such poor land with less labour than could be raised, in the early periods of our history, from land of superior quality, before these enclosures were made. In those times, nearly the whole of our population was employed in husbandry. But the decennial censuses which have been taken since the commencement of the present century, show a striking change in the employments of our people. In 1801, nearly one-half of the entire population of England was engaged in agriculture. In 1831, the proportion had fallen to about one-third.* The introduction

* Comparative statement of the numbers and occupations of families in Great Britain, in the years 1811, 1821, and 1831, according to the population returns.

At the end of May in each year.	Total Families.	Employed in Agriculture.	Employed in Trade, Manufactures, &c.	All other Families.	Centesimal Parts.			
					Agriculture.	Trade, &c.	Others.	Total.
1811	2,544,215	895,998	1,129,049	518,868	35.2	44.4	20.4	100
1821	2,941,383	978,656	1,350,239	612,488	33.2	45.9	20.9	100
1831	3,414,175	961,134	1,434,873	1,018,168	28.2	42	29.8	100

In the course of twenty years, the centesimal proportion of families employed in agricultural pursuits, calculated upon the gross proportion, has thus fallen from 35.2 to 28.2, showing that the quantity of food for the production of which the labour of five families was formerly employed, is now produced by the labour of four families. But if a calculation be made of the positive increase in number of the families in each of the three classes during these twenty years, it will be seen that, while the increase in the number of families altogether has been after the rate of 34 per cent., the addition to those of the agricultural class has been only

of turnip husbandry, artificial grasses, green crops in lieu of fallow, the drill, the thrashing machine, and other agricultural improvements which have been made since the middle of the last century, have been the cause that food is now raised with less difficulty than in earlier times. This, however, is only the usual course of nations as they advance in knowledge and in population. With such progress, they become richer, and obtain a better and more ample supply, not only of manufactures, but of the produce of the soil; which proves that, through a more united exertion directed by an enlarging intellect, the powers of industry increase in a greater ratio than the decrease in the original fertility of the soil; with which powers the opulence of the people, and their means of accumulation, keep equal pace.

Thus the natural rate of the power of accumulating capital advances in a geometrical progression: it not only keeps pace with, but outruns, the increase of population. That the *power* of accumulating capital does advance in this way is shown by the fact, that capital has actually been accumulated with the same rapidity. In proof of which we may adduce the cases of America, of Great Britain, and, if it were necessary, of every other civilized country with which we are acquainted. If the population of America has doubled in twenty-five years, her capital must likewise have doubled within the same period. For if this had not been the case, the proportion of capital to population would have fallen, her workmen would have been deficient in capital, its profits would have advanced, and the circumstances of her people have become deteriorated. But there is no semblance of either of these things having happened, and therefore her capital must at least have kept equal pace with her population, whatever may have been the rate at which her people have multiplied. So, in Great Britain, her capital has fully kept pace with her population: it has even done more than this in our times. If her population increases $1\frac{1}{2}$ per cent. per annum, her capital has exceeded this rate of progression;

$7\frac{1}{4}$ per cent., those of the trading and manufacturing class having received an accession to their numbers of 27 per cent., and those of all other classes having been very nearly doubled in the same time. Vid. Progress of the Nation, p. 52.

for it was never so abundant, nor ever yielded such low profits, as at present. If it were not for the great expenditure of the people, through their luxurious and extravagant living, their capital might accumulate still more rapidly. With greater simplicity of manners, more frugality and industry, capital might increase at a much quicker rate.

In the progress of population, besides the accumulation of *new* capital, a *saving* of capital takes place; through an extension of the division of employment, to which a denser population gives rise. And thus a smaller capital is made to perform the same office, for which a larger amount was previously required.

With regard to labour, it is abundantly evident that the number of labourers increases in the exact measure of the advance of population; and since employment does not depend upon capital, the whole of the additional quantity of labour so acquired is applicable to provide sustenance for the larger number of individuals to be fed.

Thus, in the progress of society and of population, capital, labour, and its effective powers, are each on the advance. Capital seems to accumulate in a geometrical progression; but whether this be its actual rate of increase or not, it is certain that it accumulates at least in an equal ratio with population. The power to labour advances step by step in equal pace with population, let the rate of progression of numbers be what it may; while its efficiency increases, in the advance of knowledge and greater subdivision of occupations, with accelerating velocity. Under such circumstances, so long as fresh land of equal fertility with that already under tillage remains to be cultivated, the condition of the people must rapidly improve. But when no land of such quality can any longer be resorted to, and none but land of inferior fertility remains, the increasing ability and efficiency of labour, arising from larger capital, more labourers, a better arrangement of their work, and greater skill, are to be set against the decreasing quality of the soil to be cultivated; and the question is, on which side the progression is the fastest. If history had not already furnished an answer to this question as regards the past, and proved that hitherto the advance on the side of industry has greatly outstripped

that of population, raising thence the expectation that it will so continue in future; and if the observation of the conditions affecting the progression—on one side the powers of industry advancing, and the increase of human beings becoming more slow as a country becomes more densely peopled, till it ultimately stop; this question would still have remained to be solved. Happily, the observation of past facts, and of those affecting the present condition of things, have saved the necessity of attempting to solve a problem, otherwise so intricate, which must be affected by every change of present circumstances, and by every new and unknown circumstance or combination which may hereafter arise. As to a supposed point to be ultimately arrived at, when the march of population shall have outrun the power of providing for its wants, and at which consequently no further addition can be made to the numbers of mankind, through the impossibility of providing food to sustain them, such a point, if we admit that there can be such a one, *is movable*, receding before us as we advance towards it; its ultimate position, should it ever become stationary, cannot, under present circumstances, be determined. We are, therefore, saved the necessity of attempting to estimate the distance off at which it shall finally remain immovable.

The food which is laid up in reserve in the great storehouse of nature for the use of man, when his numbers and necessities shall give the power and motive to call forth his industry and talent to bring it thence, is incalculable. All the animals upon which he feeds multiply in a vastly greater proportion than himself; while domestication increases the fecundity of those which he reclaims from the wilderness. Such as are smaller in size than others amply compensate for the difference by greater fruitfulness. The prolificness of fish is truly astonishing, and the subsistence they might be made to yield to man seems inexhaustible. It has been said that a herring, if suffered to multiply unmolested and with its offspring undiminished for twenty years, would show a progeny greater in bulk than the globe itself. The ingenuity and enterprise of man have been taxed to ascend into the higher regions of the atmosphere, but no attempts, as yet, have been made to descend to the lower depths of the ocean, to explore the hidden treasures it contains, and

bring up the stores of fish and other products which there lie buried beyond our reach—an enterprise, however, which would seem to be not more difficult than to navigate the air, and to be more pregnant with beneficial results. The fruits of the earth, so prolific in their natural state, all increase and improve by cultivation in proportions previously unknown; and yield their crops in constant and rapid succession. In all climates, they give their produce at least annually; in one half of the world still more frequently. Linnæus remarks that one poppy seed has been known to produce a plant containing 32,000 seeds, and one seed of tobacco, in a good soil, to multiply 40,320-fold. Of wheat, it is related that Isaac sowed and obtained a hundred-fold. According to Pliny, it has been known to yield from 300 to 400 grains for 1; and Herodotus asserts, on his own authority as an eye-witness, that from 200 to 300 was the regular return in Babylonia; and what *has been* in time past *may be* again in time to come. But even these are as nothing in comparison of the produce which it is possible to obtain, if necessity called for it. It is recorded in the Transactions of the Royal Society for 1768, that Mr. Miller, the curator of the botanical gardens of Cambridge, obtained from one single grain of red wheat, 22,109 ears, containing 566,800 grains. Had he carried his division of the root one step further, which was fully practicable, he would have obtained ten times the quantity from the same single grain.

Without, however, depending on improvements of such almost incredible results, or on additional toil in working up the old and sterile soils of a fully peopled country to the measure of the wants of its augmented population, there are as yet uncultivated tracts of fertile land in foreign countries, in inexhaustible quantities, still unimproved, which seem to invite mankind to their occupation, and to upbraid them for so long neglecting to gather the rich harvests their fertility is ready to yield for their acceptance. The deficiency of land, if there be such anywhere, is only local, confined to a few densely inhabited countries, while everywhere else land exists in ample measure to furnish food for greater numbers, without resorting to inferior soils. The world, though so many thousand years old, is as yet almost an uncultivated

waste. "Its face," as Franklin observed, "is like an extended wilderness, with only here and there a spot smiling with cultivation, like an oasis in the desert." Its population is inconceivably less than that which might be fed with plenty from the produce it would yield, if properly cultivated.

In our own country, the operation of the corn laws, which restrict, in great measure, the supply of the people to the actual produce of our native soil, while fertile but thinly-peopled countries exist, which might furnish us with ample supplies of food, is to anticipate and hasten unnecessarily that period, if such there be, when the powers of industry may be unable to overcome the increasing sterility of the soil which must be tilled to support an increasing population. Natural circumstances of free commercial intercourse left to their unrestricted operation, would afford time to the powers of industry to gather accessions of strength from the inventions of art and discoveries of science, by allowing our population for the present to be supported in part from fertile land in distant and half-cultivated countries, and thus ultimately to measure their strength successfully with the original sterility of our soil. But a perverse legislation, anticipating a period which has been thought would arrive soon enough of itself, and burthening the people with the cultivation of a poor soil, in the mean time diverts from science that time which might be devoted to it, by occupying it in toilsome and comparatively unfruitful labours of husbandry, and thus prevents those acquirements which might enable us to contend with advantage against increasing difficulties. These laws are, in effect, either decrees of poverty, of celibacy, or of banishment, from which the people have no escape. While such exist, they must either emigrate, or endure that poverty which is drawn down upon them from forcing prematurely the cultivation of our ungrateful soils.

Under a free trade in corn, emigration would as yet be unnecessary for the support of our population: our own soil in fact is but imperfectly cultivated; while that of Ireland is still less so. All history proves, that as numbers increase, their means of subsistence more than keeps pace with that increase, and the necessity for emigration is diminished. But then we must be able

to procure food from less thickly-peopled countries, until our own powers of industry acquire an increase of strength from further improvements in the application of labour.

Should, however, their native land, hereafter, afford to our countrymen an insufficient extent of soil to raise subsistence for their multiplied numbers, or its inferior fruitfulness cause a difficulty in procuring from it an adequate supply, and thus render colonization expedient, in such case emigration offers a safe and easy resource. In this respect, no nation was ever yet so fortunately circumstanced as ourselves. Some have been hemmed in by impassable mountains and seas; others by closely-peopled powerful and hostile states. But to us, our colonial possessions offer tracts of land in almost immeasurable extent, yet uncultivated, of the richest quality, and under every climate, with nothing more required than to take possession. We have not to conquer countries occupied by hostile and powerful nations; we have not to settle among a people of different language, manners, or religion; we have not even to withdraw from the protection of our own laws and institutions. A writer in the Quarterly Review estimates the extent of our colonial territories at 21 millions of square miles, each capable of supporting 200 inhabitants; that is, in the whole, 4,200 millions of persons. And what is the obvious reflection which this statement naturally suggests to the mind, but that it seems designed by Providence to offer to the most favoured nation of the earth the strongest inducement to multiply and spread itself over these extensive regions, in order to disseminate the arts and civilization it has so much contributed to advance, and to extend the religion which it professes in greater purity than any other people?

Nor, with respect to other portions of the globe, is there scarcely less room for a similar development of the other nations of the world. Countries once the most populous, and still the fairest of the earth, lie in comparative solitude and desolation, the prey of tyranny, violence, and oppression. In North America, take only the great plain which composes the northern part of the basin of the Mississipi, extending from the western slope of the Alleghany to the sand plain at the feet of the Rocky Mountains, a distance of about 1500 miles

in length, and from the valley of the northern lakes to the mouth of the Ohio, a distance of 600 miles in width. This plain is described by Mr. Stuart* as uniformly fertile, all arable, without rocky or precipitous ridges, and scarcely any swamps; with the richest vegetable soil, from three to forty feet deep, producing from thirty to fifty bushels of wheat per acre, with oats and Indian corn in rotation for an indefinite succession of years, without manure,—dry, clean, and healthful, abounding in mineral treasures, and coal-fields which would cover half Europe. "The plain thus described contains 900,000 square miles, or 576 millions of acres. Let us allow something for the exaggeration of this description, and suppose only 500 millions of acres to possess the qualities attributed to the whole. Each acre, producing annually forty bushels of corn, would well support a family of four persons; so that here, in this one valley, there is ample room for twice the entire population of the globe to provide themselves with an abundance of the most nutritious food. And this is but one half of the basin of but one American river!"†

In the remaining part of North America, throughout the whole of South America, Africa, and the greater part of Asia, vast solitudes exist, capable of supporting an incalculable number of human beings, but now scarcely occupied by man, and almost surrendered to wild animals, or only sprinkled with a thinly-scattered population. Man is not now required, as in the earlier periods of his history, to discover and bring to perfection the arts and processes of industry required to subdue these countries to his dominion, and cause them to yield to his labour their full measure of increase. These have been already invented and discovered by the labour and cost of those nations that have taken the lead in civilization, and need only to be borrowed from them, and applied; a task incomparably less difficult. But all is valueless without that most indispensable requisite to the multiplication of the species, good government, which insures freedom to the labourer, and secure possession of the fruits of his toil. Without this, the scourges of war, rapine, and violence, with

* Three Years in America, vol. ii. p. 387, 404.
† Scrope, Polit. Econ. p. 273.

their attendant train of famine and pestilence, must cause regions naturally the most fertile to remain desolate, or only thinly peopled. Nor is Europe itself, in which the security of person and property is for the most part well provided for, as yet peopled throughout with that density which the advanced state of its arts of production admit. When, however, the unoccupied regions now spoken of shall become peopled, and the population of the world shall have arrived at the full amount which can be supported by our existing powers of industry, there will still remain open to posterity all that increase of productive power which further improvements in the arts may place at their command. One acre now may be made to maintain as many human beings as could live upon a thousand acres of hunting ground, when man lived by the chase alone. This is the result of improvements in the arts of production already effected; nor does any reason exist why further improvements should not be made which may carry forward our power of providing food for still larger numbers, to an extent which cannot at present be appreciated. Dr. Anderson, whose opinions cannot be lightly esteemed, asserted his firm belief, "that this country could sustain a hundred times its present population." * Strange as this may appear in the present state of our knowledge, things that would have sounded as strange to our forefathers have already been brought about.

Another circumstance favourable to an increase of population under circumstances conducive to human happiness, is such a distribution of property amongst the people as diffuses opulence generally, instead of concentrating riches in great masses in the hands of a few. A perfectly equal distribution of wealth would at first, by promoting early marriages, cause a quick advance of population. But, ultimately, if maintained, and especially if maintained by force, it would prove injurious to the interests of society, and prevent the increase of population to so great an extent as would follow under more favourable circumstances. Some inequality of fortune, we have seen, is favourable to the advancement of everything which contributes to heighten the effectiveness of the powers of industry. Whatever heightens this effectiveness gives the power of supporting a larger popula-

* Recreations, vol. 6. p. 554.

tion in comfort. But the law of primogeniture, and the customs and habits of thinking which it has given rise to, causing persons to bequeath their property in very unequal portions amongst their children or relatives, retards the progress of population. By such distribution, the younger branches of opulent families are disabled from supporting the station, and continuing those associations, to which they have been brought up, in any other way than by retaining a single life.

It results from what we have said, that an increase of healthy, intelligent, and skilful individuals, brought up in habits of industry and virtue, especially if possessed of that measure of property which has been now spoken of, is in the highest degree conducive to all the interests of humanity. Of such, we need have no apprehension of there ever being an excess. Questions of marriage in individuals, promising such an offspring, may therefore be properly viewed, as they always are, wholly apart from political considerations; and their desirableness, or otherwise, determined by the examination and comparison of the opposing evils and enjoyments, with reference alone to the particular circumstances of the individuals. We may be well assured, that the advancement of the welfare and happiness of persons in this way, although perhaps sometimes at a cost of pecuniary sacrifices to themselves, will work no detriment to the state. But of sickly, ignorant, idle, and vicious individuals, unable to support themselves, and a pest to society, we have already too many. If they cannot be reclaimed, instructed, and enabled to support themselves, it seems difficult to comprehend how the multiplication of such a population can be consistent with the good either of themselves or of the public.

From the facts and reflections which have been advanced on this branch of our subject, we see, on one hand, that as a country becomes more densely inhabited, and as in consequence of such density, its people become richer, their fruitfulness decreases from both circumstances; and the movement of its population slackens pace, so that it must eventually stop. But while this law exists which retards the too rapid advance of the human family, we have shown, on the other side, that the powers of industry advance with greater rapidity than is com-

monly imagined, that nature has laid up in store an increasing, and, so far as we can see, an inexhaustible provision for a larger number of that family, while there are as yet immeasurable tracts of fertile land still to be cultivated. These, man has at his disposal, when his numbers and necessities shall impel him to exert his talents and industry in applying them to his use, and which seem not merely to invite, but to reproach him for so long neglecting to avail himself of the bounties they thus lavishly spread out for his acceptance. But the richer provision which nature holds in reserve, is kept back, as it were, and placed at some distance off,—to be gained only as the reward of exertion. To draw forth the good things thus held in reserve, and fashion them for our use, require additional hands, and can only be done by the conjoint operation of a larger population. With such views, and with such incalculable resources at command, the conclusions which have been drawn from the contrary suppositions, with respect both to the principle of population, and to the progress of the means of supplying its wants,—of an excess of people existing,—of nature being "lavish in the germs of existence, and sparing in their means of subsistence,"—of the "imminent danger of distress from excess of population,"—and of the "imperious duty of retarding, and, if possible, averting" want, by controlling the principle of population, appear monstrous fallacies, and absolute chimeras.

Universal history shows that hitherto the flowing tide of population has always borne along on its stream, power, wealth, with moral and intellectual superiority, at least keeping up with its numerical advance. When joined with Christianity, this increasing greatness has been more strikingly displayed. Then, all the moral, and most of the physical, ills which afflict humanity have receded before it, the face of nature has brightened with increasing beauty, and even the rigour of the climates themselves has become softened. The augmentation of the whole has involved the improvement of each class of society. On the other hand, the ebb of population, which has ever been occasioned by vice, has uniformly left an enfeebled, an impoverished, and degraded, as well as a diminished people.

From these views, it is impossible to avoid the conclusion, that

all the interests of man are in accordance with that increase of his numbers to which his affections and duties tend, and in which his happiness is bound up. And we are enabled to judge of the answer to the question with which we started—In what way is the rapidly increasing population of our country to be supported? Its growing numbers, instead of being deplored, as they have been, by philosophers and statesmen, as inevitably bringing on distress and famine in their train—sinking our working classes to the lowest depths of privation, can only, in the patriotic breast, be hailed with feelings of delight and exultation, as the certain means of raising us still higher in opulence, in moral and intellectual greatness, and of adding to the sum of human happiness, not merely in the ratio with which it is connected with life, but beyond it, by raising the condition and increasing the share of the comforts of life to each individual, instead of diminishing them, as some suppose. It is on the increasing numbers of our people that we must depend as one great means of maintaining our proud position in the foremost rank amongst the nations, not so much in the career of arms, as in urging on the progress of civilization, and in spreading its peaceful blessings over the habitable world. Nor when we contrast the rapid movement of our own population with that of other European nations,—ours proceeding at the rate of doubling itself, according to Mr. Porter, in 48 years, while that of France would require 88 years for the same purpose, can we doubt that we shall long continue, not only to maintain that position, but to take up one still higher in advance.

Contemplating the steadily progressive increase of the population of our own and of other civilized countries, the results which past experience shows to have flowed from the advancing stream of population, raise our hopes as to the future prospects of mankind from its continued progress, and lead us to look onward to coming days of as yet unexampled prosperity, when civilized man shall no longer be confined within the narrow space which he now occupies, but shall spread the human family over the whole habitable globe, and plant its vast and solitary deserts with prosperous nations, till the earth be fully peopled. In this respect, the anticipations of philosophy harmonize with the pro-

phecies of revelation, both alike pointing forwards to a period when the increasing prevalence of all the social virtues shall cause opulence, peace, and happiness to be universally diffused and heightened, and when the benevolent purposes of the Deity, as regards his creature man, shall become more plainly unfolded and more fully accomplished.

Having now concluded that part of our subject which relates to the acquisition of the objects which industry procures for the satisfaction of our wants and wishes, and the means by which labour is facilitated and rendered effectual in that acquisition, as well as to the circumstances connected with the increase of man himself, we proceed to consider those which, in civilized societies, affect the partition, and determine the portions, of these objects which are distributed amongst the several parties concerned in their acquisition.

END OF VOL. I.

(3)

JOHN CHILDS AND SON, BUNGAY.